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DEFENSE CREDIT UNION COUNCIL

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January 24, 2026

The Honorable Elizabeth Warren
Ranking Member, Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, DC 20510

Dear Senator Warren,

Thank you for your January 23, 2026 letter regarding proposals to cap credit card interest rates and strengthen consumer protections. As Chief Advocacy Officer of the Defense Credit Union Council (DCUC), I write on behalf of the nation's defense-focused credit unions and the servicemembers, veterans, and families we serve. We share your commitment to protecting consumers from abusive financial practices. Credit unions operate as member-owned, not-for-profit cooperatives – **every member is a part owner, and there are no outside shareholders to demand profit maximization.** This structure means that any earnings are returned to our members in the form of lower loan rates, higher savings returns, or reduced fees. It also means our incentives are aligned with consumer interests, not with extracting “junk fees”. We take great pride in this alignment and in the trust our military and veteran member-owners place in us to provide fair, affordable financial services.

Your letter raises serious concerns about credit card costs and outlines aggressive measures to curb them, including a one-year **10% interest rate cap**. DCUC appreciates the goal of making credit more affordable, but we respectfully **oppose a blanket 10% cap** as a one-size-fits-all solution. In practice, an arbitrary cap at this level would likely **produce significant unintended consequences**, especially for military families and lower-income borrowers. Credit unions already operate under a federally mandated interest-rate ceiling (currently 18% for most loans), a cap **far below the rates charged by many banks and credit card companies**. This decades-old cap reflects the credit union mission of putting people over profits. Even so, a forced 10% ceiling would sharply constrain risk-based lending. **As DCUC has cautioned, a rigid federal cap would reduce access to credit by limiting credit unions' ability to serve higher-risk borrowers.** Many credit unions would be forced to tighten underwriting or **scale back credit card and small-dollar loan programs**, disproportionately affecting young servicemembers, junior enlisted personnel, and lower-income members who have not yet built prime credit. Credit unions routinely provide small-dollar emergency loans, deployment-related relief, and short-term credit to help military families through unexpected expenses. **Under an arbitrary 10% cap, many of these critical services could become unsustainable.** Ironically, restricting responsible lenders will not eliminate the need for credit – it would **push vulnerable consumers toward predatory alternatives outside the credit union system.** Simply put, **limiting mission-driven institutions' ability to price loans according to risk does not eliminate the demand; it shifts borrowers to less regulated, higher-cost sources.** We believe there are better, more targeted ways to achieve the goal of affordability without **unintentionally jeopardizing military families' financial security.** These include expanded financial education, bolstering support for responsible lending, and direct enforcement against truly abusive actors, rather than a sweeping cap that punishes all providers indiscriminately. Credit unions stand ready to work with you on solutions that **protect consumers without penalizing the institutions that consistently put people first.**

In addition to the rate cap, your correspondence outlined five specific policy recommendations for the Consumer Financial Protection Bureau (CFPB). We address each of these important issues in turn below, offering the perspective of the defense credit union community:

Serving Those Who Serve Our Country

1. **Reinstating an \$8 Cap on Credit Card Late Fees.** We agree that excessive credit card late fees should be reined in to be **reasonable and proportional to the costs** of processing late payments, as the CARD Act requires. In fact, many credit unions already charge lower late fees than the large bank average (which has risen to around \$30–\$41 under current rules), and we routinely waive or refund fees in cases of error or hardship – the goal is to help members, not profit from misfortune. However, we urge caution with an across-the-board \$8 cap. A **one-size-fits-all \$8 fee limit may not reflect the realities of smaller institutions’ costs**. Notably, the U.S. Small Business Administration’s Office of Advocacy warned that a flat \$8 safe harbor could be infeasible for community-based issuers and might even lead some **small credit unions to stop offering credit cards** if they cannot recoup basic processing costs. In fact, when the CFPB finalized an \$8 late fee rule in 2024, it **exempted small issuers (those under 1 million accounts) for this very reason**. We respectfully suggest that any late fee regulation should retain flexibility for institutions that can demonstrate higher actual costs. At minimum, **eliminating the inflation-adjusted “safe harbor” and requiring issuers to justify their fees with cost data** (as you have suggested) would be a prudent step. This would promote fairness and transparency without arbitrarily penalizing well-meaning credit unions that price fees only to cover costs and encourage timely payment. DCUC absolutely supports protecting consumers from unreasonable fees, and we believe this can be achieved in a way that doesn’t force community lenders to withdraw useful services. We stand ready to work on refining late fee policies so they target bad actors and egregious charges, while allowing **responsible, member-focused lenders to continue helping consumers avoid delinquencies**.
2. **Ending Deferred-Interest Promotion “Surprises.”** We share your concern about deferred-interest credit card promotions that lure in consumers with “no interest” promises only to hit them later with **massive lump-sum interest charges** if the balance isn’t paid in full by the deadline. Such **“bait-and-switch” financing is deceptive and undermines trust**. In contrast, credit unions generally do not engage in these retroactive-interest schemes. When we offer promotional rates to members, we strive to ensure terms are clear and transparent – for example, truly 0% introductory rates that simply convert to a normal rate going forward on any remaining balance, without any back-billing of past interest. We would support the CFPB in using its authority to declare deferred-interest promotions an unfair or deceptive practice. Banning or strictly curtailing these surprise interest charges would prevent consumers from being caught off guard by unexpected debt. We do note that many retailers and finance companies that use deferred interest are outside the credit union sphere; thus, we urge that any new rules in this area be directed at those actors most responsible for the problem. Credit unions, as member-centric lenders, will gladly comply with clearer rules that prohibit deceptive promotional gimmicks. We are fully on board with **enhancing transparency and eliminating “gotcha” credit card terms** that harm consumers’ financial well-being.
3. **Resuming TILA and CARD Act Compliance Examinations.** Robust oversight of credit card practices is essential to ensure all lenders uphold the law. We support your call for the CFPB to resume regular examinations for compliance with the Truth in Lending Act (TILA) and the Credit CARD Act provisions on interest rate reductions. As you noted, if a credit card issuer raises a cardholder’s APR, the law requires a review every six months to see if that rate should be reduced again based on improved credit or market conditions. Credit unions take these obligations seriously and strive to adjust rates downward whenever warranted – that is simply good member service. It was alarming to read that examiners in 2022 found some big banks were **failing to lower rates** after improvements, meaning customers were stuck paying more than necessary. We agree that regulators should “look under the hood” regularly – if such examinations have been curtailed, they ought to resume at once. **Enforcing existing law** will ensure that consumers are not overcharged and that responsible lenders are not put at a competitive disadvantage by those seeking to game the system. In short, DCUC welcomes appropriate examination of credit card practices. Credit unions have a strong track record of compliance and fair dealing, and we have nothing to hide. We believe consistent oversight across the industry will hold any bad actors accountable and reinforce consumers’ trust that the system is working as intended.

4. **Preventing Bait-and-Switch Tactics in Credit Card Rewards.** Rewards programs are an important feature of many credit cards, and consumers should get the benefits they earn. We were concerned by reports that some issuers **devalued or even deleted customers' hard-earned reward points** – effectively changing the deal after points were accumulated. If true, that is unacceptable behavior that **DCUC emphatically condemns**. Credit unions' approach to credit card rewards is, again, rooted in member service and transparency. Our cards tend to feature straightforward rewards (cash-back, points, or discounts) with clear terms. We do not promise points only to later diminish their value or make them impossible to redeem. We therefore found it disappointing that the CFPB's 2024 guidance to protect consumers from reward devaluation was rescinded. We support efforts to reinstate and strengthen oversight in this area. The practice of retroactively impairing or revoking rewards **"earned" by the customer is a deceptive bait-and-switch scheme**, and it should be treated as such by regulators. DCUC would support the CFPB in launching a rulemaking to ensure reward program terms are honored and to **begin supervising or taking action against institutions that cheat consumers out of rewards**. We do urge that any new rules be carefully tailored – for example, to distinguish between truly deceptive conduct and good-faith rewards program changes with proper notice. Responsible credit unions already strive to communicate any changes to programs clearly and to grandfather or protect points already accumulated by members. The bottom line is that military families and all consumers deserve confidence that the credit card rewards they count on will not disappear due to shoddy business practices. We are committed to that principle and will assist in crafting fair rules to uphold it.
5. **Investigating and Responding to the Surge in Credit Card Complaints.** You highlighted a significant increase in consumer complaints about credit cards – over **90,000 complaints in 2025, up from 76,000 in 2024**. This trend is indeed concerning. At DCUC, we believe that **every consumer complaint should be taken seriously and addressed promptly**. Credit unions work hard to resolve member issues at the ground level; our member-owned model means we are directly accountable to those we serve if something goes wrong. Perhaps as a result, credit unions tend to receive relatively few complaints compared to other lenders. Still, any unresolved complaint is one too many. We support the CFPB dedicating the necessary staff and resources to process and investigate the backlog of credit card complaints. These complaints data can provide valuable insight into patterns of abuse or confusion in the marketplace. We also believe that increased transparency in the CFPB's Consumer Complaint Database is useful – it allows financial institutions like ours to review feedback and improve our practices. If the pause in complaint handling over the past year has left issues unaddressed, then getting those functions back up and running will benefit consumers and honest lenders alike. DCUC stands ready to assist in analyzing and responding to complaint trends. For example, if military personnel are disproportionately reporting a certain problem, we want to know and help fix it. In sum, we agree that **a robust consumer complaint resolution process is a cornerstone of accountability**, and we encourage the Bureau to fully leverage that tool to make sure consumers – including servicemembers – are heard and protected.

Conclusion. In closing, we applaud your dedication to consumer protection and we share your vision of a financial marketplace free of deception and exploitation. Our plea is that we achieve this in a manner that **does not unintentionally constrain access to credit or financial services for the very people we all aim to help**. America's credit unions – in particular the defense credit unions serving over 40 million military-affiliated members – have a proud history of delivering affordable, responsible credit to those who serve our country. We offer **significantly lower average credit card rates and fees than the big banks**, and our members save hundreds of dollars a year by using credit union cards over those of large issuers. We have proven that consumer-friendly finance and institutional sustainability can go hand-in-hand. We welcome sensible regulations that shine a light on bad actors and **enhance transparency**, and we are committed to continually improving our own practices. But we respectfully caution against blanket caps or punitive rules that **paint all institutions with the same brush**, regardless of their business model or track record. The vast majority of credit unions do **not** engage in the predatory behaviors that warrant intervention. Treating member-owned credit unions the same as profit-driven megabanks in every regulation may have the unintended effect of **undermining the good actors** and reducing choices for consumers. Instead, we urge a targeted approach that zeroes in on genuinely abusive practices (which we agree should be eliminated), while preserving the ability of trustworthy community lenders to meet their members' needs.

Senator, the DCUC and our member credit unions remain **fully committed to working with you, the CFPB, and our other government partners** to ensure credit card users – especially servicemembers and veterans – are protected. We would welcome an opportunity to discuss these issues with you in more detail and to identify **constructive paths forward** together. As always, our mission is to promote the financial readiness and well-being of those who protect our nation. We believe that by collaborating in good faith, we can achieve strong consumer protections **without sacrificing access** to fair credit for military families and all Americans. Thank you for your leadership and for considering our perspective. We look forward to continued dialogue on these critical issues.

Sincerely,



Jason Stverak
Chief Advocacy Officer
DCUC

Cc: Members of the Senate Committee on Banking, Housing, and Urban Affairs