

**DEPARTMENT OF BUSINESS OVERSIGHT***Ensuring a Fair and Secure Financial Services Marketplace for all Californians***JAN LYNN OWEN****Commissioner of Business Oversight****For Immediate Release**

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**CA DBO Announces \$2.7 Million Settlement with  
LendUp to Redress Widespread Violations of  
Payday, Installment Loan Laws**  
*Firm Charged Thousands of Borrowers Unlawful Fees and Rates*

SACRAMENTO – The California Department of Business Oversight (DBO) today signed a [settlement](#) with Flurish, Inc. (LendUp) that requires the firm to pay \$2.68 million to resolve allegations it charged illegal fees and committed other widespread violations of payday and installment lending laws.

“The illegal fees affected thousands of California borrowers and showed a persistent failure by LendUp to comply with California consumer protection laws,” said DBO Commissioner Jan Lynn Owen. “This settlement will help ensure harmed borrowers are made whole and LendUp is held accountable.”

The \$2.68 million includes \$1.62 million of refunds for customers charged unlawful fees and interest rates. LendUp also will pay DBO \$1.06 million, which includes a \$100,000 penalty and \$965,462 to cover costs.

LendUp already had paid \$1.08 million of refunds. It still owes \$537,000 to borrowers for whom the firm has been unable to deposit payments in a bank account. Under the settlement, LendUp will provide an email notice to those customers which gives them 20 days to provide either updated bank account information or a home address to receive their refund.

The DBO conducted regulatory examinations of LendUp under the state’s payday lending statute, the California Deferred Deposit Transaction Law (CDDTL), and the installment lending statute, the California Finance Lenders Law (CFLL). The payday examination covered the period from Feb. 8, 2012 to May 1, 2014. The CFLL examination covered the period from June 25, 2012 to Aug. 1, 2014.

Combined, the examinations found a total of 385,050 individual violations of the two laws. Following is a summary:

- LendUp charged borrowers what it called “expedited fees” to receive loan proceeds the same day they were approved. Such fees are unlawful under both lending laws.
- LendUp did not disclose the expedited fees as finance charges and, as a result, understated annual percentage rates. This violated the state’s installment lending statute as well as the federal Truth in Lending Act.

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- LendUp charged payday borrowers a fee to extend their payment period from 15 days to 30 days. The payday lending statute prohibits such fees.

- LendUp required customers to take out both a payday loan and an installment loan. Both lending laws prohibit conditioning the provision of a loan on the customer buying other goods or services.
- LendUp wrongly calculated interest rates, in violation of the California installment loan statute, resulting in overcharges to borrowers.

LendUp's loan activity under the CFLL more than doubled in 2015 compared to 2014. The number of loans increased by 109.8%, to 75,188, and the principal amount increased by 224.7%, to \$22.3 million.

The DBO investigation was conducted in coordination with the Consumer Financial Protection Bureau, which today announced a [separate settlement](#) with LendUp.

The DBO licenses and regulates more than 360,000 individuals and entities that provide financial services in California. DBO's regulatory jurisdiction extends over state-chartered banks and credit unions, money transmitters, securities broker-dealers, investment advisers, non-bank installment lenders, payday lenders, mortgage lenders and servicers, escrow companies, franchisors and more.

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