

## White House Budget Chief Says CFPB Will Be Shut Down

October 20, 2025 - White House Budget Director Russell Vought announced this week that the Consumer Financial Protection Bureau (CFPB) will be shut down within the next two to three months. Speaking on a radio program, Vought stated that the agency is already in the process of winding down, with only a small group of staff remaining at its Washington, D.C. headquarters. He described the CFPB as having overreached its mandate and placed unnecessary burdens on small lenders and financial institutions.

Created in 2010 following the financial crisis, the CFPB was established by Congress under the Dodd-Frank Act to oversee financial products and services and protect consumers from deceptive or abusive practices. Supporters say the agency has played a crucial role in regulating credit card fees, payday loans, and discriminatory lending. Its complaint system has helped resolve disputes between consumers and financial firms and led to billions of dollars in refunds and penalties. At the same time, critics argue the agency has significantly increased regulatory costs, especially for small and mid-sized lenders, and has sometimes imposed complex compliance requirements that are difficult to navigate. Business groups have also raised concerns that the agency's enforcement style has been overly aggressive and unpredictable, discouraging innovation in financial services.

If the CFPB is closed, consumers may have fewer options for addressing complaints or reporting harmful practices at the national level. While other agencies like the Federal Trade Commission and state regulators can still act, the CFPB has been the main federal watchdog focused solely on consumer finance. Fewer investigations and enforcement actions could mean some harmful practices go unchecked. However, those in the financial industry say the closure could ease compliance costs, reduce legal uncertainty, and allow firms to operate with greater flexibility, especially in areas like credit underwriting, product design, and digital lending.

For businesses, the potential shutdown could remove what many see as a complex layer of federal oversight. Companies that offer loans, credit cards, or manage consumer data have had to dedicate significant resources to meeting CFPB rules, sometimes duplicating efforts already required by other regulators. While large banks can often absorb the cost, smaller firms say the CFPB's demands have been especially difficult. On the other hand, removing the agency entirely could create a gap in federal oversight that companies may need to fill through their own internal compliance programs, or face increased private litigation in the absence of federal enforcement.

Legally, the situation remains uncertain. Because the CFPB was created by Congress, fully dismantling it would likely require congressional action or a court ruling. While Vought's remarks suggest the current administration is moving to limit or close the agency, legal experts point out that the bureau remains active until formally repealed or defunded. In fact, the CFPB recently settled a case with a financial firm over alleged unfair charges to military families.

For now, consumers should stay informed and continue using available CFPB resources, while businesses may begin preparing for a shifting regulatory landscape that could bring both fewer restrictions and less clarity in the months ahead.

by Jim Malmberg

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