

AG Kaul Takes Action to Defend Wisconsinites from Predatory Personal Lending Company

Date: April 5, 2024

MADISON, Wis. – Attorney General Josh Kaul announced today that he has joined a multistate lawsuit against Mariner Finance for widespread violations of consumer protection laws.

The suit alleges that Mariner Finance charged consumers for hidden add-on products that consumers either didn't know about or didn't agree to buy. Consumers left Mariner Finance believing they had entered into an agreement to borrow and repay, over time, a certain amount of money. In reality, due to hidden add-on products, Mariner added hundreds to thousands of dollars to the total amount a consumer owed. In 2019 alone, Mariner charged consumers \$121.7 million nationwide in premiums and fees for add-on products. Notably, these numbers exclude the interest Mariner took in on the add-on premiums and fees.

“This case involves allegations of deceptive sales tactics, charges for products that customers rejected, and bills for hidden add-on products,” said Attorney General Kaul. “Customers must be able to trust that financial companies they're working with are treating them honestly and fairly.”

Mariner Finance has 11 branches in Wisconsin in Appleton, Green Bay, Janesville, La Crosse, Brookfield, Greenfield, Weston, Fond du Lac, Mt. Pleasant, Middleton and Madison, according to its website.

The lawsuit alleges that Mariner Finance employees either don't mention the add-on products to consumers or blatantly misrepresent them. Mariner Finance employees also claim the products are required in order to obtain a loan when technically no such requirements exist. Some consumers were told by Mariner Finance that add-ons were free or much cheaper than they actually were, while other consumers who explicitly rejected the add-on products were charged for them anyway.

The lawsuit also alleges that Mariner Finance engages in illegal, aggressive sales tactics to extend credit to new borrowers. Mariner's marketing heavily focuses on the fact that consumers can visit a Mariner Financial branch and leave with a check on the same day. Mariner mails hundreds of thousands of unsolicited “live checks” to consumers. Once consumers cash these checks, Mariner aggressively pushes them to visit a branch to refinance and take out additional debt, which typically comes with hidden add-on products, even if they are not in the best interest of the consumer. These kinds of predatory sales practices can lead consumers into a cycle of debt that's hard to overcome.

The lawsuit began in August 2022 when the attorneys general of Pennsylvania, the District of Columbia, New Jersey, Oregon and Washington [sued Mariner in federal court in Philadelphia](#). Mariner filed a motion to dismiss, asking a federal court to dismiss all 15 federal and state law claims. Following extensive briefing and oral argument, the Court [denied Mariner's motion to dismiss](#) in February 2024.

Wisconsin filed a motion to intervene in the lawsuit on March 22, 2024, along with the states of Illinois, Indiana, New York, North Carolina and Tennessee. On April 1, 2024, the court granted the motion allowing these six states to intervene by filing the Second Amended Complaint.

Mariner Finance is owned by a Wall Street private equity fund managed by Warburg Pincus LLC. When Warburg Pincus bought Mariner Finance, it had 57 branches in seven states. Today, just nine years later, Mariner Finance has over 480 branches in 27 states and manages over \$2 billion in loans.

The multistate lawsuit asks the court to order:

- Full restitution to all borrowers affected by Mariner's unlawful practices
- Repayment by Mariner of any unlawfully gained profits
- Civil penalties
- Rescission or reformation of all contracts or loan agreements between Mariner and consumers affected by the company's unlawful practices
- Mariner to stop charging consumers for add-on products and cease other harmful practices