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Consumer Financial Protection Bureau Investigates Use of Forced Arbitration Agreements; Illustrates Need to Eliminate Use of Such Clauses in Long-Term Care Facility & Other Consumer Contracts

WASHINGTON, DC, March 11th, 2015 – The National Consumer Voice for Quality Long-Term Care applauds the attention brought yesterday to the problem of forced pre-dispute arbitration agreements through a Consumer Financial Protection Bureau (CFPB) [report](#) and hearing focusing on arbitration in consumer financial contracts. Residents of long-term care facilities and their families are often the victim of such arbitration clauses in admission contracts. Consumer Voice commends the CFPB for its thorough investigation of such clauses and calls on the agency to publish a rule barring them in financial contracts where they have the authority to do so. By taking such action, the federal government would take an important step towards eliminating forced arbitration in all legally binding contracts, thereby protecting long-term care consumers and their families.

Forced pre-dispute arbitration agreements require consumers to agree in advance to resolve disputes through an arbitration process instead of a court of law and are frequently used in a range of consumer contracts. These agreements are increasingly common in long-term care facility admission contracts that individuals must sign before they or their loved one can be admitted into a nursing home, assisted living facility or other long-term care setting. Such agreements unfairly compel consumers and their family members to resolve any disputes that might arise regarding abuse, neglect or poor care within a facility through an arbitration process as opposed to a court of law, stripping these individuals of their constitutional right to a trial by jury.

During the admissions process, arbitration agreements place long-term care consumers at a distinct disadvantage. A forced arbitration clause may be buried within the fine print of a very lengthy facility admission agreement and go unnoticed given the huge amount of paperwork that must be signed during the admissions process and the stress that moving to a facility can cause. Consumers may also be coerced into signing a forced arbitration clause since it may be offered by facilities on a “take it or leave it” basis. Should consumers refuse to sign such agreements, they may be denied admission and be required to find another facility right away, which may not be possible. As the use of such agreements becomes more widespread within long-term care facilities, it is becoming increasingly less likely for consumers to find a nursing home, assisted living facility or other long-term setting that does not require the signing of such an agreement.

By releasing a report and conducting a hearing on the use of pre-dispute, forced arbitration agreements in financial contracts, the Consumer Financial Protection Bureau has highlighted the unfair nature of such clauses in consumer contracts. Consumer Voice now urges CFPB to bar the use of these agreements in financial contracts where they have authority to do so as a way to begin eliminating their use across all consumer contracts, including long-term care facility contracts. We also call on Congress to reintroduce and pass the *Arbitration Fairness Act*.

About the Consumer Voice

The National Consumer Voice for Quality Long-Term Care was formed as the National Citizens' Coalition for Nursing Home Reform in 1975 because of public concern about substandard care in nursing homes. Today, Consumer Voice is the leading national voice representing consumers on issues related to long-term care, helping to ensure that consumers are empowered to advocate for themselves.