

Complaint Analysis – Buy Now, Pay Later (BNPL) Services

Executive Summary

Buy Now, Pay Later (BNPL) products have become a mainstream form of credit, particularly among younger consumers. Yet complaints submitted to the CFPB between 2021 and 2023 reveal gaps in billing practices, transparency, and credit reporting. Consumers reported challenges with returned merchandise, unexpected fees, and negative credit impacts, raising questions about whether current safeguards are sufficient.

1. Introduction

BNPL products allow consumers to split payments into installments, often marketed as “interest-free.” While these products promise convenience, complaints suggest that the structure of repayment, disclosures, and dispute handling may leave consumers at risk.

2. Consumer Issues

2.1 Billing disputes on returned items: A significant number of consumers reported continuing to be billed for items they had returned. Merchants and BNPL providers frequently directed consumers back and forth, creating cycles of delay and unresolved debt.

2.2 Unexpected fees and penalties: Many consumers expressed surprise at late fees or penalties that exceeded expectations. Some stated they were charged despite believing payments were made on time.

2.3 Credit reporting confusion: Consumers described frustration when BNPL loans appeared on their credit reports unexpectedly. Negative impacts to credit scores during loan applications caused stress, particularly for first-time borrowers.

3. Discussion

BNPL complaints suggest that consumers are not always fully informed of repayment structures and potential credit reporting implications. Unlike traditional credit, disclosures vary by provider and dispute resolution processes are not standardized.

4. Conclusion

As BNPL continues to expand, transparency and accountability will be central to consumer trust. Complaint analysis indicates the need for clearer disclosures, uniform credit reporting practices, and stronger protections for billing disputes.