



OFFICE OF THE ATTORNEY GENERAL
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NORTH CAROLINA
DEPARTMENT OF JUSTICE



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December 1, 2025

By Email and First Class Mail

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Re: *Buy Now, Pay Later*

To whom it may concern:

The undersigned State Attorneys General offices, led by Connecticut and North Carolina, are conducting an inquiry into the Buy Now, Pay Later (BNPL) market. This point-of-sale financing product has grown dramatically in recent years. BNPL options are now nearly ubiquitous at online checkout, and tens of millions of consumers report using these loans.¹

State Attorneys General have previously raised concerns that, even as use of BNPL increases, BNPL companies might not provide their consumers with the same protections that have long applied to other credit products under federal and state law.² In May 2024, the Consumer Financial Protection Bureau (CFPB) issued an interpretive rule clarifying that providers of BNPL are generally credit card issuers under the federal Truth In Lending Act.³ This rule would have ensured BNPL borrowers had the same rights and recourse as credit card users. In May of this year, the CFPB withdrew that interpretive rule. We are concerned that BNPL companies might not be providing their customers

¹ See Federal Reserve System, *Report on the Economic Well-Being of U.S. Households in 2024 – May 2025*, <https://www.federalreserve.gov/publications/2025-economic-well-being-of-us-households-in-2024-banking-and-credit.htm> (15 percent of adults reported using BNPL in the prior 12 months); see also Matt Schulz, *BNPL Tracker: 41% of Users Late in Past Year, More Using Loan for Groceries*, LendingTree (updated Oct. 26, 2025), <https://www.lendingtree.com/personal/buy-now-pay-later-loan-statistics/> (finding 49 percent of respondents reported having used a BNPL loan).

² See Comments of 21 State Attorneys General and one State Office of Consumer Protection to CFPB Regarding the CFPB's Inquiry Into Buy-Now Pay-Later Providers, Docket No. CFPB-2022-0002 (March 25, 2022), [2022325-cfpb--state-ag-comment-letter-on-bnpl-providers-20220002-87-fed-reg-3511.pdf](https://www.consumerfinance.gov/complaints/2022/03/25/2022325-cfpb--state-ag-comment-letter-on-bnpl-providers-20220002-87-fed-reg-3511.pdf).

³ CFPB, *CFPB Takes Action to Ensure Consumers Can Dispute Charges and Obtain Refunds on Buy Now, Pay Later Loans*, May 22, 2024.

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with appropriate protections when they return their purchase, never receive what they ordered, or experience other billing errors.

We are also concerned that BNPL providers may not adequately assess borrowers' capacity to repay their loans. The Federal Reserve recently found that the portion of BNPL borrowers falling behind has "increased sharply," to nearly one in four borrowers.⁴

Our inquiry seeks to better understand the impact of these and other related issues with BNPL on our states' residents, and whether BNPL providers may be in violation of applicable consumer protection laws.

To assist with this effort, please respond to the following inquiries within thirty (30) days of the date of this letter. Please limit the scope of your response to products offered at any time from January 2023 to present, and please provide state-level data where available.

1. Please describe each of your loan products, including their pricing (including any subscription-based pricing) and repayment structure, and what portion of your annual U.S. loan volume and revenue is derived from each.
2. Please describe your procedures for addressing consumers' disputes over purchases or billing and provide documents reflecting those procedures. Please also provide any internal analyses that (a) describe the number of consumers' disputes, the subject of the disputes, any policies or guidelines regarding how they are addressed, and within what timeframe; and (b) reflect the metrics you use to track such disputes.
3. Please describe how consumers may contact customer service (e.g., chatbot, chat with real person, phone, etc.) and provide any internal analyses of consumer wait-times or customer-service response times.
4. Please describe any procedures you use to determine whether a consumer has the financial capacity to repay their loan and provide documents reflecting those procedures.
5. Please describe any procedures regarding reporting to credit reporting agencies or databases, including how those procedures may differ by loan product.
6. Please describe the type of consumers' payment devices you accept (e.g., debit card, credit card, checking/routing number) and the procedures you follow if your initial attempt to process a consumer's payment is unsuccessful.
7. Please provide your internal analyses of delinquencies and defaults.
8. Please provide your consumer contract(s), user agreement(s), and disclosures.
9. Please describe your procedures for establishing relationships with merchants, including through both merchant-partner and app-driven acquisition models.
10. For each of the five merchants from whom you derived the most revenue during the last complete fiscal year:
 - a. Please provide your current contract.

⁴ Federal Reserve System, *Report on the Economic Well-Being of U.S. Households in 2024 – May 2025*, <https://www.federalreserve.gov/publications/2025-economic-well-being-of-us-households-in-2024-executive-summary.htm> ("...the share of BNPL users paying late increased sharply. Nearly one-fourth were late making a payment, compared with 18 percent in the prior year.").

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- b. Please provide screenshots of what the consumer sees at checkout and, once selecting your product, throughout the remainder of the transaction.
- 11. Please describe any differences between your policies and procedures within the United States and those in markets outside of the United States as they relate to purchase and billing disputes, assessment of the consumer's financial capacity to repay their loan, and reporting to credit reporting agencies or databases.
- 12. Please describe any efforts you have made to comply with Subpart B of the federal Truth In Lending Act and the status of those efforts.

Please email your responses to Michael.Wertheimer@ct.gov, Casey.Rybak@ct.gov, kchoksi@ncdoj.gov, jabram@ncdoj.gov.

We appreciate your assistance with this matter. If you have any questions, please do not hesitate to contact us.

Very truly yours,



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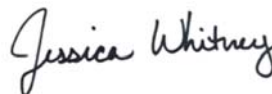
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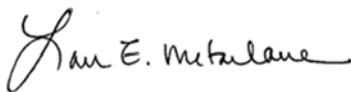
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