Chase Bank Loses Mortgage Lawsuit

(SE) Chris Ryan July 23, 2012

Ken Eade Wins

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Ken Eade has served a crippling blow to JP Morgan (NYSE:JPM) pertiaing to predatory lending. The United States District Court for the Central District of California made a landmark ruling on February 23, 2012 in which financial giant JP Morgan Chase was handed a crushing blow. The court granted an injunction against JP Morgan Chase. This order requires the company to stop their attempts to collect on any home equity line of credit. The bank can also not allowed to give any negative information to credit reporting bureaus based on a delinquent home equity line of credit.

The first formal complaint was filed against Washington Mutual Bank on January 6, 2012 by the Kenneth Eade Law Firm. Washington Mutual was eventually purchased by JP Morgan Chase. The complaint alleges that Washington Mutual Bank issued both a traditional mortgage and a home equity line of credit in order to finance a customer's Southern California home purchase. In 2008 both loans fell into foreclosure, and the owner's request for a short sale was denied.

After JP Morgan Chase took ownership of Washington Mutual, the bank attempted to collect approximately $250,000 additional dollars from the home equity line of credit. The delinquency also negatively affected the customer's credit score. According to anti-delinquency statutes in California, a bank is prohibited from collecting on money mortgages after a foreclosure has occurred. The suit alleges that JP Morgan Chase is in violation of the federal Fair Credit Reporting Act as well as the California Consumer Legal Remedies Act.

Although the case has not yet been finalized, this preliminary injunction is a major victory for those who have been victims of predatory lending practices. Preliminary injunctions are used only in severe cases, so it appears that the Court has been impressed with the amount of evidence presented against JP Morgan Chase.

Over the last decade, millions of Americans have been victims of predatory lending by some of the nation's most powerful banks. This is one of the causes of the skyrocketing foreclosure rate and the extreme decline of the real estate market in most areas. Predatory lending practices increased the wealth of the banks while devastating consumers.

This important case against JP Morgan Chase gives hope to millions of Americans that are victims of unfair lending practices. These consumers now have a new avenue to sue banks that have inflicted financial hardship on them. This suit is truly a landmark victory for consumers, and many similar suits are likely to follow.