

Case Study: Army Captain Kenneth Gonzales

Kenneth R. Gonzales currently serves as a Captain and Medical Service Corps Officer in the U.S. Army in San Antonio, Texas, where he lives with his wife and four children. From December 2009 to December 2010, then-Lieutenant Gonzales was deployed to Iraq. During his deployment, his mortgage bank, Chase, attempted to foreclose on his home in violation of the Servicemembers Civil Relief Act (SCRA). Chase also made negative reports to credit bureaus regarding Lieutenant Gonzales' mortgage payments, causing his security clearance to be suspended. While he was in Iraq, Lieutenant Gonzales contacted the Federal Trade Commission and his Senator, Kay Bailey Hutchison. These officials reported Chase's actions to the American Bar Association and the Office of the Comptroller of the Currency. A year and a half later, the foreclosure has been halted and Captain Gonzales' security clearance has been reinstated, but the Gonzales family lost several months worth of mortgage payments as a result of Chase's actions.

Timeline

July 2005: Mr. Gonzales enlisted in the Army and later received his commission as Lieutenant.

November 2008: Lieutenant Gonzales obtained a home mortgage that was purchased by Chase.

November 2009: Lieutenant Gonzales informed Chase that he was being deployed to Iraq and began using online access to pay his mortgage.

December 2009: Lieutenant Gonzales attempted to pay his mortgage online from Iraq. Back in Texas, his wife also attempted to pay cash by phone. As a result, Chase locked out Lieutenant Gonzales from its online payment system for six months. Chase requested that Lieutenant Gonzales's wife instead mail money orders, and the bank provided an address to submit them.

January–May 2010: Each month, Lieutenant Gonzales's wife complied with Chase's request, went to her bank to obtain money orders, and mailed the money orders on time to the address Chase provided.

February 2010: Chase began reporting late mortgage payments by the Gonzales family to credit bureaus. Chase also scheduled a foreclosure sale of the Gonzales' home on April 10, 2010. Neither Lieutenant Gonzales nor his wife was aware that foreclosure had been initiated or that a sale date had been set.

April 2010: Chase sent a letter to the Gonzales' home asking them to call regarding their mortgage. When Mrs. Gonzales called, she was told that Chase was unsure why the letter was sent. During this discussion, there was no mention of late payments or foreclosure proceedings.

June 2010: When Lieutenant Gonzales was repeatedly denied access to Chase's online mortgage payment system, he inquired and soon after discovered that Chase had been reporting late mortgage payments to credit bureaus. He was also informed that his security clearance had been suspended as a result. His mission as one of ten soldiers responsible for delivering blood products in Iraq was compromised, and his access to information was restricted.

Lieutenant Gonzales contacted Chase repeatedly from Iraq, but its representatives were unwilling to consider that the bank was in error. Chase refused to correct the late payment reports to his credit and told Lieutenant Gonzales to expect a lawyer's letter demanding the repayment of fees associated with the foreclosure. By the end of June, Lieutenant Gonzales had not received any letter, and a number given to him by Chase for the bank's foreclosure attorney was out of service.

Lieutenant Gonzales took a number of affirmative steps from Iraq to address the situation. He filed a complaint with the Federal Trade Commission regarding Chase's mortgage practices, and he contacted his Senator, Kay Bailey Hutchison.

July 2010: Senator Hutchison sent a letter to the Department of Defense requesting assistance with Lieutenant Gonzales's case. She also contacted the Office of the Comptroller of the Currency regarding Chase's actions.

August–November 2010: An officer with the Legal Assistance Policy Division of the Army's Judge Advocate General (JAG) repeatedly faxed an authorization to Chase from Lieutenant Gonzales indicating that she was acting on his behalf. Chase officials told her it would take 48 to 72 hours to confirm receipt of the authorization, but they claimed repeatedly that they never received her faxes and would not accept e-mail.

The JAG officer reported Chase to the American Bar Association, which contacted a Senior Vice President at Chase. This official immediately arranged to remove the erroneous late payments on Lieutenant Gonzales's credit report. A Chase official admitted to the JAG officer that the original authorization she faxed on Lieutenant Gonzales's behalf indeed had been received on the first day she sent it.

May 2011: Lieutenant Gonzales was promoted to Captain, and his security clearance was reinstated. However, Chase claimed that it "misplaced" the five money orders sent in by Mrs. Gonzales from January through May 2010. Mrs. Gonzales was able to recover three of the five receipts for the money orders, but the remaining two receipts were never located. Due to Chase's actions, the Gonzales family had to pay two months worth of mortgage payments twice.