

LOS ANGELES JURY ORDERS SPECIALIZED LOAN SERVICING (SLS) TO PAY CONSUMER \$2.9 MILLION FOR FALSE CREDIT REPORTING

Following a nine-day trial, a Los Angeles Jury has ordered SLS to pay \$2.9 million to a consumer for falsely reporting a bankruptcy on his credit report.

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“

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Robert F. Brennan

2022, a civil jury in Los Angeles County, California ordered Specialized Loan Servicing LLC (SLS) to pay \$2.9 million dollars in actual and punitive damages to Sergio Larios of Chatsworth, Ca. Mr. Larios' social security number has the same numerical sequence as the tax ID number of an ambulance company in North Carolina that declared bankruptcy. SLS had a vendor check for bankruptcy filings using only his social security number. The vendor returned the complete information on the bankruptcy filing, including the name of the debtor and the court

where the bankruptcy was filed, which was completely different from Mr. Larios. However, SLS ignored the information it received from its vendor and credit-reported the bankruptcy on Mr. Larios' credit report for over 100 days, preventing him from refinancing a mortgage loan which was coming due. The jury assessed \$2,080,000 in general and special damages and also assessed \$820,000 in punitive damages. Plaintiff was represented by [Robert F. Brennan](#), Esq. of Montrose, Ca. and Stephanie Tatar, Esq. of Burbank, Ca. and Chicago, Ill. SLS was represented by Michael Grant, Esq. and Michael Garcia, Esq., both of the Duane Morris Law Firm.

Following a nine-day jury trial, a civil jury in Los Angeles has just ordered Specialized Loan Servicing LLC (SLS) to pay consumer Sergio Larios \$2.9 million dollars in actual and punitive damages in a lawsuit arising out of alleged [false credit reporting](#) by SLS over a five month period. Sergio Larios v. Specialized Loan Servicing LLC, Case No. 18STCP02482, Dept. 72 Los Angeles Superior Court, Stanley Mosk Courthouse, the Hon. Curtis Kin presiding.

SLS is a mortgage loan servicer that took over servicing of one of Mr. Larios' HELOC loans in 2014. In 2016, SLS ran a bankruptcy check by sending out Mr. Larios' social security number to one of its vendors, Lexis Nexis, to see if Mr. Larios had filed for bankruptcy. Mr. Larios' social security number has the same numerical sequence as the tax ID number of an ambulance

company in North Carolina which had declared bankruptcy. Lexis-Nexis returned to SLS a “positive hit” for a bankruptcy filing, based on the 9-number numerical sequence,

Without verifying the correct identity of the debtor—the ambulance company—SLS entered the bankruptcy notation on Mr. Larios’ loan, and it began credit-reporting him as being in bankruptcy starting in December of 2016. Mr. Larios and his wife called SLS repeatedly and also emailed SLS repeatedly, because early 2017 was a critical time for Mr. Larios to obtain a refinance loan for the very loan that SLS was servicing. However, SLS treated Mr. Larios’ repeated calls and emails indifferently and even told him that the bankruptcy was his. Evidence disclosed that SLS had in its written account servicing notes not later than December 8, 2016 that the bankruptcy did not belong to Mr. Larios, but SLS failed to remove it from his credit reporting until April 3, 2017. This prevented Mr. Larios from obtaining a refinance loan, and SLS started credit-reporting him as late on the loan and also promptly pursued foreclosure.

Mr. Larios retained prominent Southern California consumer protection and credit damage attorneys Robert F. Brennan of Montrose, Ca. and Stephanie Tatar, Esq. of Burbank, Ca., to file a lawsuit to finally get SLS to stop the credit reporting. But with years of negative credit reporting ruining his life, Mr. Larios proceeded to trial to obtain compensation as well as a permanent court judgment showing that SLS had violated the law.

"This is yet another example of how the big players in the credit reporting industry really ignore and neglect the consumers they're supposed to protect," says Brennan. "Mr. Larios tried for nearly two years to work with SLS to clean up the false credit reporting and give him a chance to get a refinance loan, but SLS slammed the door in his face repeatedly. Even after the jury’s verdict, SLS continues to issue negative credit reporting on Mr. Larios and continues to pursue foreclosure. This fight is far from over, but Mr. Larios, Ms. Tatar and I are all prepared to fight this to the end, until SLS pays its full judgment and deletes its tradeline from Mr. Larios’ credit reports permanently."

Mr. Brennan also criticized SLS for acting as if the credit information belonged to SLS and not to Mr. Larios. "So often in these cases, you see an attitude that big corporations like SLS believe that a consumer's credit information belongs to the them. It does not. If nothing else, I hope SLS learns from this verdict that a consumer's credit information belongs to the consumer, and a mortgage servicer has a sacred trust to protect it from wrongful damage."

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