UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF ILLINOIS

James Lee Franklin, Jr. and Addie Christine Franklin v. Lakeview Loan Servicing, LLC

Franklin · No. 3:25-CV-361-NJR · Decided January 7, 2026

SUMMARY

The United States District Court for the Southern District of Illinois granted Lakeview Loan Servicing, LLC's motion to dismiss claims arising from alleged escrow mismanagement, improper property-tax charges, and foreclosure proceedings. The court dismissed without prejudice claims under RESPA, TILA, Illinois fraudulent misrepresentation law, and unjust enrichment, as well as unsupported references to the FDCPA, FCRA, and FTCA. Plaintiffs were granted leave to amend by February 6, 2026.

CASE DETAILS

COURT	United States District Court for the Southern District of Illinois
WRITING FOR THE COURT	Nancy J. Rosenstengel
JURISDICTION	United States District Court for the Southern District of Illinois
DECIDED	January 7, 2026
DOCKET	3:25-CV-361-NJR
DISPOSITION	dismissed
PROCEDURAL POSTURE	Plaintiffs brought claims under RESPA, TILA, Illinois fraudulent misrepresentation law, and unjust enrichment, with references to the FDCPA, FCRA, and FTCA. Defendant moved to dismiss under Federal Rule of Civil Procedure 12(b)(6).
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, the court determines whether the complaint states a facially plausible claim for relief, accepting well-pleaded factual allegations as true while disregarding conclusory allegations. The court may consider exhibits attached to or referenced in the complaint, particularly when they are central to the claims, and may consider facts in those exhibits that undermine the plaintiff's allegations.

PRECEDENTIAL VALUE	unpublished district court memorandum and order; persuasive authority only
PARTIES	James Lee Franklin, Jr., Addie Christine Franklin v. Lakeview Loan Servicing, LLC

TOPICS

motions to dismiss · consumer protection · mortgages · real estate · civil procedure

PRACTICE AREAS

civil procedure · consumer protection · mortgages · real estate · remedies

QUESTIONS PRESENTED

1. Whether Plaintiffs adequately pleaded a RESPA claim based on alleged escrow-account and property-tax mismanagement.
2. Whether Plaintiffs could maintain a damages claim under TILA against Lakeview, a mortgage loan servicer rather than a creditor.
3. Whether Plaintiffs pleaded fraudulent misrepresentation with the particularity required by Federal Rule of Civil Procedure 9(b).
4. Whether Plaintiffs' unjust-enrichment claim could proceed when it rested on the same conduct underlying dismissed claims.
5. Whether bare references to the FDCPA, FCRA, and FTCA, without supporting factual allegations or identification of an actionable statutory provision, stated claims for relief.

HOLDINGS

1. Plaintiffs failed to state a claim under RESPA because they did not allege that Lakeview failed to make tax or insurance payments from the escrow account in a timely manner or failed to return an escrow balance after payoff of the loan.
2. A plaintiff may not recover damages under TILA from a mortgage loan servicer that is not a creditor.
3. Plaintiffs failed to state a fraudulent misrepresentation claim because they did not plead the alleged fraud with the particularity required by Rule 9(b).
4. The unjust-enrichment claim failed because it was based on the same alleged conduct as the dismissed RESPA, TILA, and fraudulent misrepresentation claims.
5. Bare references to the FDCPA, FCRA, and FTCA, without supporting factual allegations or identification of an actionable provision, failed to state claims.

FACTUAL BACKGROUND

Plaintiffs obtained a mortgage loan to purchase an Illinois property and alleged that Lakeview, their master loan servicer, improperly charged property taxes and added them to the escrow account even though the property had become tax-exempt. They further alleged that Lakeview failed to correct the charges, attempted to collect the disputed amounts, and wrongfully initiated foreclosure proceedings. The complaint asserted federal and Illinois claims and sought substantial compensatory and punitive damages.

PROCEDURAL HISTORY

Plaintiffs filed the action on March 18, 2025. Lakeview moved to dismiss, Plaintiffs opposed the motion, and Lakeview filed a reply. The court granted the motion and dismissed the complaint without prejudice, granting Plaintiffs leave to amend by February 6, 2026.

DISPOSITION

dismissed

CASES CITED

- Bell Atlantic Corp. v. Twombly, 550 U.S. 544, 570 (2007)
- Taha v. International Brotherhood of Teamsters, Local 781, 947 F.3d 464, 469 (7th Cir. 2020)
- Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009)
- Luna Vanegas v. Signet Builders, Inc., 46 F.4th 636, 645 (7th Cir. 2022)
- Esco v. City of Chicago, 107 F.4th 673, 678 (7th Cir. 2024)
- Bogie v. Rosenberg, 705 F.3d 603, 609 (7th Cir. 2013)
- Tierney v. Vahle, 304 F.3d 734, 738 (7th Cir. 2002)
- Saccameno v. Ocwen Loan Servicing, LLC, 372 F. Supp. 3d 609, 637 (N.D. Ill. 2019)
- Baez v. Specialized Loan Servicing, LLC, 709 F. App'x 979, 982 (11th Cir. 2017)
- Marr v. Bank of America, N.A., 662 F.3d 963, 966 (7th Cir. 2011)
- Iroanyah v. Bank of America, 753 F.3d 686, 688 n.2 (7th Cir. 2014)
- Dawoudi on behalf of Plaintiff v. Nationstar Mortgage LLC, 448 F. Supp. 3d 918, 928 (N.D. Ill. 2020)
- Wigod v. Wells Fargo Bank, N.A., 673 F.3d 547, 569 (7th Cir. 2012)
- Dloogatch v. Brincat, 920 N.E.2d 1161, 1166 (Ill. App. Ct. 2009)
- Borsellino v. Goldman Sachs Group, Inc., 477 F.3d 502, 507 (7th Cir. 2007)
- Horist v. Sudler, 941 F.3d 274, 281 (7th Cir. 2019)
- Cleary v. Philip Morris, Inc., 665 F.3d 511, 517 (7th Cir. 2011)
- Alliance Acceptance Co. v. Yale Insurance Agency, 648 N.E.2d 971, 977 (Ill. App. Ct. 1995)
- Charles Hester Enterprises, Inc. v. Illinois Founders Insurance Co., 484 N.E.2d 349, 354 (Ill. App. Ct. 1985)