



News From the FAMP Government Affairs Committee

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CONSUMER FINANCIAL PROTECTION BUREAU PROPOSAL WOULD GIVE CONSUMERS THE OPPORTUNITY TO PUBLICLY VOICE COMPLAINTS ABOUT FINANCIAL COMPANIES

Consumers Could Opt-In to Share Complaint Narrative in CFPB's Public Database

WASHINGTON, D.C. - Today the Consumer Financial Protection Bureau (CFPB) is proposing a new policy that would empower consumers to publicly voice their complaints about consumer financial products and services. When consumers submit a complaint to the CFPB, they would have the option to share their account of what happened in the CFPB's public-facing Consumer Complaint Database. Publishing consumer narratives would provide important context to the complaint, help the public detect specific trends in the market, aid consumer decision-making, and drive improved consumer service.

"The consumer experience shared in the narrative is the heart and soul of the complaint," said CFPB Director Richard Cordray. "By publicly voicing their complaint, consumers can stand up for themselves and others who have experienced the same problem. There is power in their stories, and that power can be put in service to strengthen the foundation for consumers, responsible providers, and our economy as

a whole."

A copy of the proposed policy can be found at: http://files.consumerfinance.gov/f/201407_cfpb_proposed-policy_consumer-complaint-database.pdf

The CFPB began accepting complaints as soon as it opened its doors three years ago in July 2011. It currently accepts complaints on many consumer financial products, including credit cards, mortgages, bank accounts, private student loans, vehicle and other consumer loans, credit reporting, money transfers, debt collection, and payday loans.

When consumers submit a complaint to the Bureau, they fill in information such as who they are, who the complaint is against, and when it occurred. They are also given a text box to describe what happened and can attach documents to the complaint. The Bureau forwards the complaint to the company, allows the company to respond, gives the consumer a tracking number, and keeps the consumer updated on its status. To date, the Bureau has handled more than 400,000 complaints.

The CFPB's [Consumer Complaint Database](#) is the nation's largest public collection of consumer financial complaints. It includes basic, anonymous, individual-level information about the complaints received, including the date of submission, the consumer's zip code, the relevant company, the product type, the issue the consumer is complaining about, and the company's response.

Adding Narratives to the Consumer Complaint Database

Today, the Bureau is proposing to expand the database to include the consumer's narrative description of what happened. In many ways, the narratives are the most insightful part of a complaint. They provide a first-hand account of the consumer's experience and the problem they would like resolved. By giving consumers an option to publicly share their stories, the CFPB would greatly enhance the utility of the database, a platform designed to provide consumers with valuable information needed to make better financial choices for themselves and their families. The benefits of sharing the narratives include:

- **Providing context to the complaint:** While the current database captures the basics of a consumer's complaint, the amount of context provided is limited. Complaints are grouped into dozens of high-level categories such as "billing disputes," "transaction issues," or "advertising and marketing." Including the consumer's narrative would increase the level of detail available to consumers, consumer groups, and companies in the market. For example, providing the complaint narratives within the mortgage category of "loan modification, collection, foreclosure," would help determine if the consumer is being charged extra fees, the servicer has lost paperwork, or any number of other specific problems. Describing the circumstances can provide vital information about why the consumer believes they were harmed, and the

impact that harm has had on the consumer.

- **Spotlighting specific trends:** Not only does the narrative provide context to the individual complaint, it provides context to the marketplace. Narratives allow the public to detect trends across the consumer experience and pinpoint problems. With narratives, it is possible to see if a specific issue is localized in a particular geographic area or with a specific company, or if it's a practice used by companies across the product market. For example, reviewers may see that a number of consumers are starting to receive a \$10 mystery charge from a particular company. Or they may see that a city is experiencing a rise in complaints about specific problems with mortgage loan modification denials. Or they may see that more and more companies are failing to meet their student loan servicing obligations. Without the narrative, the public cannot fully connect the dots.
- **Helping consumers make informed decisions:** Consumers often go online to research products before they make a decision to purchase. Including the details of a complaint would help inform consumers who are considering a particular product or service. Databases with narratives, such as the Consumer Product Safety Commission's SaferProducts.gov or the National Highway Traffic Safety Administration's SaferCar.gov, have helped inform consumers about a range of products from cribs to cars. The CFPB aims to empower consumers with the same kind of information. Reviewers could use the narrative to decide for themselves if the problems experienced by other consumers would stop them from purchasing the same product or service.
- **Spurring competition based on consumer satisfaction:** With these powerful stories readily available to the public, companies may have additional incentives to address potential shortcomings in their businesses that could have negative impacts on consumers. In the end, the narratives may encourage companies to improve the overall quality of their goods and services and more vigorously compete over good customer service, all of which has the potential to improve the functioning, transparency, and efficiency of the market.

Safeguards for Publishing Process

The CFPB's proposed policy recognizes the importance of protecting consumers' private information, ensuring the informed consent of any consumer who participates, and providing companies with an opportunity to respond. Today's proposal establishes a number of important safeguards for a clear, fair, and transparent process, including:

- **Consumers must opt-in:** The CFPB would not publish the complaint narrative unless the consumer provides informed consent. This means that when consumers submit a complaint through consumerfinance.gov, they would have to affirmatively check a consent box to give the Bureau permission to publish their narrative. At least initially, only narratives submitted

online would be available for the opt-in.

- **No personal information will be shared:** The Bureau would take all reasonable steps to remove personal information from the complaint to minimize the risk of someone being able to identify the consumer. This means complaints would be scrubbed of information such as names, telephone numbers, account numbers, Social Security numbers, and other direct identifiers.
- **Companies can publish their response:** Companies would be given the opportunity to post a written response that would appear next to the consumer's story. In most cases, this response would appear at the same time as the consumer's narrative so that reviewers can see both sides concurrently. This response would also be scrubbed of personal information.
- **Consumers can opt-out at any time:** If a consumer decides at any time that he or she would like to withdraw consent to publish their narrative in the Consumer Complaint Database, he or she will have the ability to do so. The Bureau would honor this request as soon as possible and no later than three business days.

Today's proposal builds on the safeguards the CFPB's database already has in place. The CFPB confirms the commercial relationship between the consumer and company. Complaints are listed in the database only after the company responds to the complaint or after it has had the complaint for 15 days, whichever comes first.

Three Years of Consumer Response

The Dodd-Frank Wall Street Reform and Consumer Protection Act, which created the CFPB, established the handling of consumer complaints as an integral part of the CFPB's work. Today the CFPB released a snapshot overview of complaints handled since the Bureau opened on July 21, 2011 that includes aggregate data and analysis. The snapshot is available at: http://files.consumerfinance.gov/f/201407_cfpb_report_consumer-complaint-snapshot.pdf

This week, the CFPB is also releasing a series of videos of consumers who have been helped by the CFPB, some of them after submitting complaints. The "Everyone Has a Story" videos show real consumers who have run into trouble along their financial journey and have been helped by the CFPB. These stories will be available at: www.consumerfinance.gov/yourstory

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The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. For more information, visit consumerfinance.gov.