

JULY 2013

Consumer Response: A Snapshot of Complaints Received



Consumer Financial
Protection Bureau

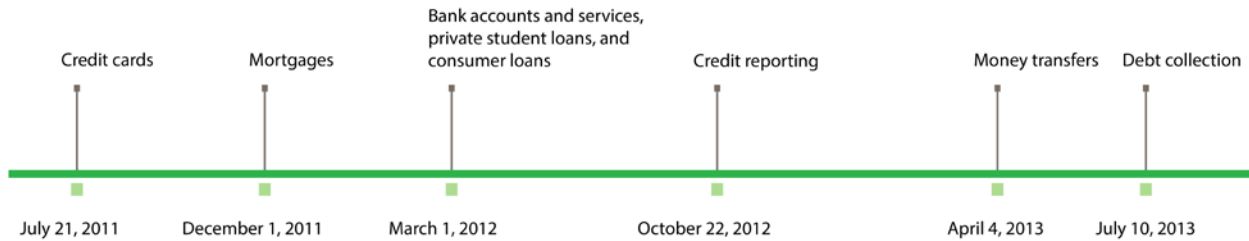
1. Introduction

The Consumer Financial Protection Bureau (“CFPB” or “Bureau”) began consumer response operations on July 21, 2011 and became the first federal agency solely focused on consumer financial protection. The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”) created the Bureau to protect consumers of financial products or services and to encourage the fair and competitive operation of consumer financial markets. Collecting, investigating, and responding to consumer complaints are integral parts of the CFPB’s work, as Congress set forth in the Dodd-Frank Act.¹

The Bureau’s Office of Consumer Response (Consumer Response) hears directly from consumers about the challenges they face in the marketplace, brings their concerns to the attention of financial institutions, and assists in addressing their complaints.

Consumer Response began accepting consumer complaints about credit cards on July 21, 2011. Consumer Response now accepts complaints related to mortgages, bank accounts and services, private student loans, other consumer loans, credit reporting, and money transfers. Most recently, on July 10, 2013, it began handling debt collection complaints. The CFPB continues to work toward expanding its complaint handling capacity to include other products and services, such as payday loans. Consumers may also contact the CFPB with questions about other products and services. The Bureau answers these questions and refers consumers to other regulators or additional resources as appropriate.

¹ See Dodd-Frank Act, Pub. L. No. 111-203, Sec. 1021 (c)(2).



Information about consumer complaints is available to the public, through the CFPB’s public Consumer Complaint Database, launched on June 19, 2012.² Initially populated with credit card complaints received by the CFPB on or after June 1, 2012, the database was expanded in October 2012 to include consumer credit card complaints dating back to December 1, 2011. In March and May of 2013, the database was expanded further to include complaints about additional products and services, dating back to the date the Bureau first began to handle those complaints. Specifically, the CFPB added mortgage complaints dating back to December 1, 2011; bank account and service complaints, private student loan complaints, and other consumer loan complaints, all dating back to March 1, 2012; credit reporting complaints dating back to October 22, 2013; and money transfer complaints dating back to April 4, 2013.

This snapshot report provides an overview of how Consumer Response handles complaints and presents an analysis of complaints received over the period from July 21, 2011 through June 30, 2013.

² In December 2011, the CFPB asked the public to comment on a proposed policy of making some credit card complaint data publicly available. After considering those comments, the CFPB finalized its policy for disclosing some of the data through its Consumer Complaint Database (Policy Statement). *See Disclosure of Certain Credit Card Complaint Data*, 77 Fed. Reg. 37,558 (June 22, 2012). In June 2012, the CFPB asked the public to comment on a proposed policy of duplicating the data disclosure practices described in the Policy Statement for consumer complaints about other consumer financial products and services within the Bureau’s jurisdiction. 77 Fed. Reg. 37,616 (June 22, 2012). The CFPB received a wide range of comments from interested stakeholders. After considering those comments, the CFPB finalized its policy for disclosing some of the data through its Consumer Complaint Database. *See Disclosure of Consumer Complaint Data*, 78 Fed. Reg. 21,218 (April 10, 2013).

2. How the CFPB Handles Complaints

Consumer Response screens all complaints submitted by consumers based on several criteria. These criteria include whether the complaint falls within the CFPB’s primary enforcement authority, whether the complaint is complete, and whether it is a duplicate of a prior submission by the same consumer. Screened complaints are forwarded via a secure web portal to the appropriate company. The company reviews the information, communicates with the consumer as needed, and determines what action to take in response. The company reports back to the consumer and the CFPB via the secure “company portal.” The Bureau then invites the consumer to review the response and provide feedback. Consumer Response reviews the feedback consumers provide about company responses, using this information along with other information such as the timeliness of the company’s response, for example, to help prioritize complaints for investigation. Consumers who have submitted complaints with to the Bureau can log onto the secure “consumer portal” available on the CFPB’s website or call a toll-free number to receive status updates, provide additional information, and review responses provided to the consumer by the company.



Throughout this process, subject-matter experts help monitor certain complaints. For example, the Office of Servicemember Affairs coordinates on complaints submitted by servicemembers or their spouses and dependents.

Consumer Response continually strives to improve data quality and protect sensitive information, while increasingly making data about the complaints the CFPB receives available

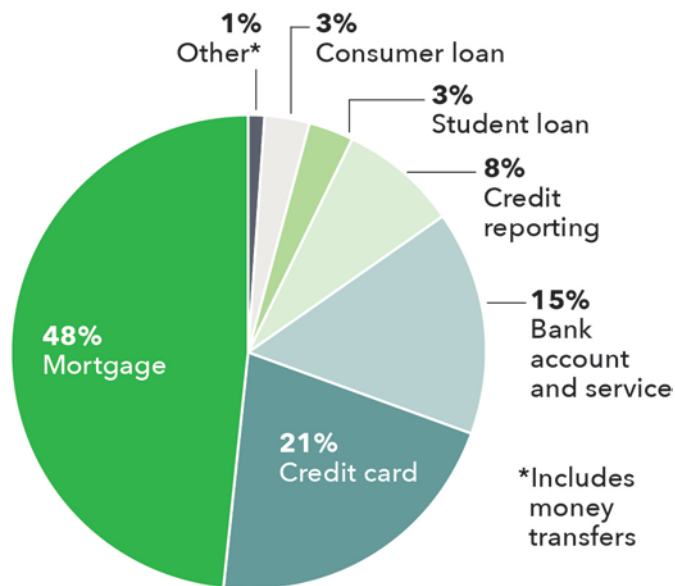
through reports to Congress and the public and by sharing certain data with the public through the Consumer Complaint Database.

3. Results

3.1 How complaints reach the CFPB

From July 21, 2011 through June 30, 2013, the CFPB received approximately 176,700 consumer complaints, including approximately 36,300 credit card complaints, 85,200 mortgage complaints, 25,700 bank accounts and services complaints, 6,000 private student loan complaints, 5,700 consumer loan complaints, 14,200 credit reporting complaints, and 300 money transfer complaints.

FIGURE 1: CONSUMER COMPLAINTS BY PRODUCT



Approximately 48 percent³ of all complaints were submitted through the CFPB's website and 9 percent via telephone calls. Referrals from other regulators and agencies accounted for 30 percent of all complaints received. The rest were submitted by mail, email, and fax.

More than 144,800 complaints (82 percent) of complaints received as of June 30, 2013 have been sent by Consumer Response to companies for review and response. The remaining complaints have been referred to other regulatory agencies (11 percent), found to be incomplete (3 percent), or are pending with the consumer or the CFPB (3 percent). Companies have already responded to approximately 137,100 complaints or 95 percent of the complaints sent to them for response.

Once the company responds, the CFPB provides this response to the consumer for review. Consumers are given the option to dispute responses indicating a resolution has been provided or that the company has closed the complaint with or without relief. Consumers are asked to notify the CFPB within 30 days if they want to dispute a company's response. Consumers have disputed approximately 26,500 company responses (21 percent) to complaints.

The product-specific analyses below describe complaints by type as reported by consumers, actions taken, company responses, and consumer review of company responses.

³ Note that percentages in this snapshot report may not sum to 100 percent due to rounding.

3.2 Consumers' credit card complaints

The CFPB has handled approximately 36,300 credit card complaints. Billing disputes are the most common type of credit card complaint (16 percent). Some consumers are confused and frustrated by the process and by their limited ability to challenge inaccuracies on their monthly credit card billing statements. For example, some consumers realize only after their claim has been denied that they needed to notify their credit card companies within 60 days of any billing errors. In other cases, consumers are not aware that companies typically do not stop a merchant charge once the cardholder has authorized it or do not override a merchant's "no-return policy." Other common types of credit card complaints relate to annual percentage rates or interest rates (9 percent) and identity theft, fraud or embezzlement (8 percent).

TABLE 1: MOST COMMON CREDIT CARD COMPLAINTS REPORTED BY CONSUMERS

Complaint	%
Billing disputes	16%
Annual Percentage Rate (APR) or interest rate	9%
Identity theft/Fraud/Embezzlement	8%
Credit reporting	7%
Closing/Cancelling account	6%
Other	6%
Collection practices	5%
Late fee	4%
Credit card protection/Debt protection	4%
Collection debt dispute	4%
Credit Card Complaints in Top 10 Types	69%

Approximately 30,500 (84 percent) credit card complaints have been sent by Consumer Response to companies for review and response. The remaining credit card complaints have been referred to other regulatory agencies (10 percent), found to be incomplete (5 percent), or are pending with the consumer or the CFPB (1 percent). Companies have already responded to approximately 29,400 complaints or 96 percent of the complaints sent to them for response.

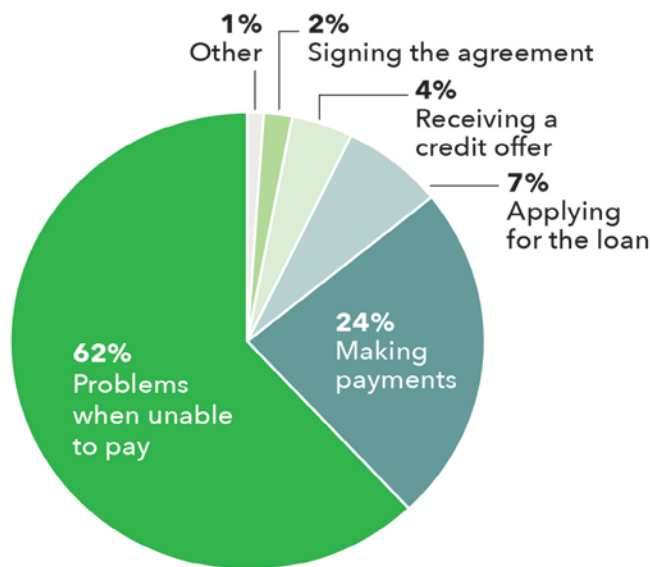
Since December 2011, companies have also had the option of reporting the amount of monetary relief, if any. The median amount of relief reported was approximately \$128 with \$25 being the most common amount of relief for the approximately 6,500 credit card complaints where companies reported relief. Consumers have disputed approximately 5,200 company responses (19 percent) to credit card complaints.

3.3 Consumers' mortgage complaints

The CFPB has handled approximately 85,200 mortgage complaints. The most common type of mortgage complaint concerns problems consumers face when they are unable to make payments, such as issues related to loan modifications, collections, or foreclosures (62 percent). Consumers who have submitted these complaints generally appear to be driven by a desire to seek agreement with their companies on foreclosure alternatives. The complaints indicate that consumer confusion persists around the process and requirements for obtaining loan modifications and refinancing, especially regarding document submission timeframes, payment trial periods, allocation of payments, treatment of income in eligibility calculations, and credit bureau reporting during the evaluation period. The shelf life of documents provided as part of the loan modification process is of particular concern to consumers. Although consumers must provide documents within short time periods and income documentation generally remains valid for up to 60 days, lengthy evaluation periods can result in consumers having to resubmit documentation – sometimes more than once, contributing to consumer fatigue and frustration with these processes.

Other common types of mortgage complaints address issues related to making payments, such as loan servicing, payments, or escrow accounts (24 percent). For example, consumers express confusion about whether making timely trial period payments will guarantee placement into a permanent modification.

FIGURE 2: TYPES OF MORTGAGE COMPLAINTS REPORTED BY CONSUMERS

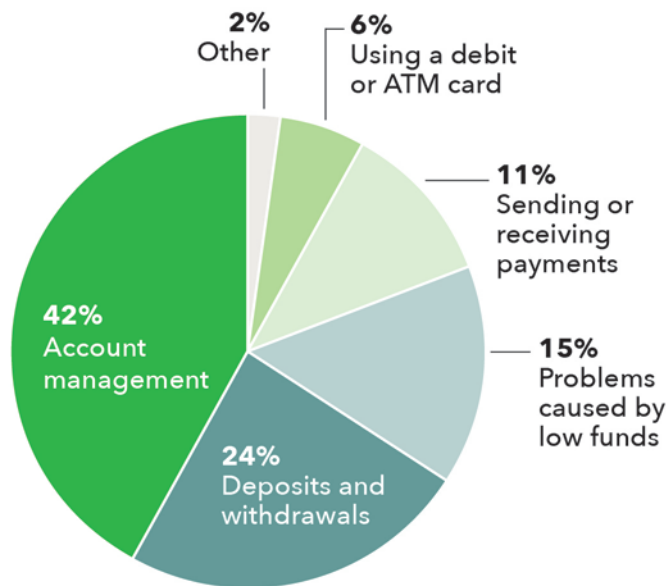


Approximately 75,900 (89 percent) mortgage complaints have been sent by Consumer Response to companies for review and response. The remaining mortgage complaints have been referred to other regulatory agencies (7 percent), found to be incomplete (2 percent), or are pending with the consumer or the CFPB (2 percent). Companies have already responded to approximately 71,300 complaints or 94 percent of the complaints sent to them for response. The median amount of monetary relief reported was approximately \$435 for the approximately 2,200 mortgage complaints where companies reported relief. Consumers have disputed approximately 14,300 company responses (23 percent) to mortgage complaints.

3.4 Consumers' bank account and service complaints

The CFPB has handled approximately 25,700 bank account and service complaints. The most common type of bank account and service complaint relates to opening, closing, or managing the account (42 percent). These complaints address issues such as confusing marketing, denial, fees, statements, and joint accounts. Other common complaints relate to deposit and withdrawal issues such as transaction holds and unauthorized transactions (24 percent), and problems caused by the consumer's funds being low, including bounced checks, overdraft and late fees, and credit reporting (15 percent). Many consumers remain frustrated with overdraft fees and the wide discretion companies have to assess these and other fees so long as the fees are outlined in account agreements. Similarly, some consumers express frustration when some companies process larger withdrawal transactions before smaller ones, which can generate more overdraft-fee charges.

FIGURE 3: TYPES OF BANK ACCOUNT AND SERVICE COMPLAINTS REPORTED BY CONSUMERS



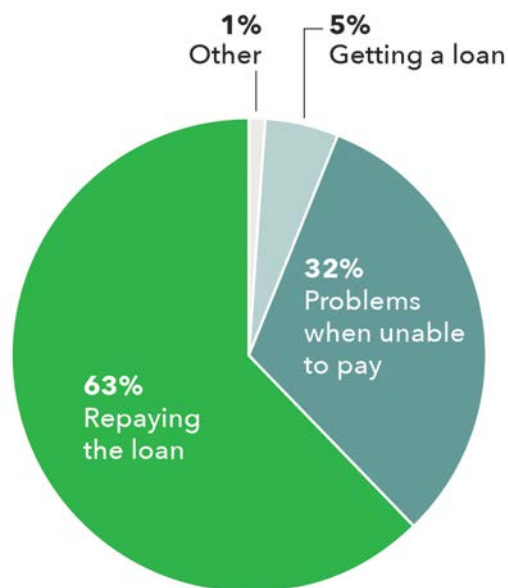
Approximately 20,400 (80 percent) bank account and service complaints have been sent by Consumer Response to companies for review and response. The remaining bank account and service complaints have been referred to other regulatory agencies (15 percent), found to be incomplete (4 percent), or are pending with the consumer or the CFPB (1 percent). Companies have already responded to approximately 19,700 complaints or 97 percent of the complaints

sent to them for response. The median amount of monetary relief reported was approximately \$110 for the approximately 5,100 bank account and service complaints where companies reported relief. Consumers have disputed approximately 3,900 company responses (20 percent) to bank account and service complaints.

3.5 Consumers' private student loan complaints

The CFPB has handled approximately 6,000 private student loan complaints. The most common type of student loan complaint relates to repaying the loan, such as fees, billing, deferment, forbearance, fraud, and credit reporting (63 percent). Consumers struggle with the limited payment deferment options permitted in their loan agreements, especially when they have not found employment by the time they must begin repaying their loans, and because deferments often are limited to six months. Another common type of complaint addresses problems consumers confront when they are unable to pay, such as issues related to default, debt collection, and bankruptcy (32 percent).

FIGURE 4: TYPES OF STUDENT LOAN COMPLAINTS REPORTED BY CONSUMERS



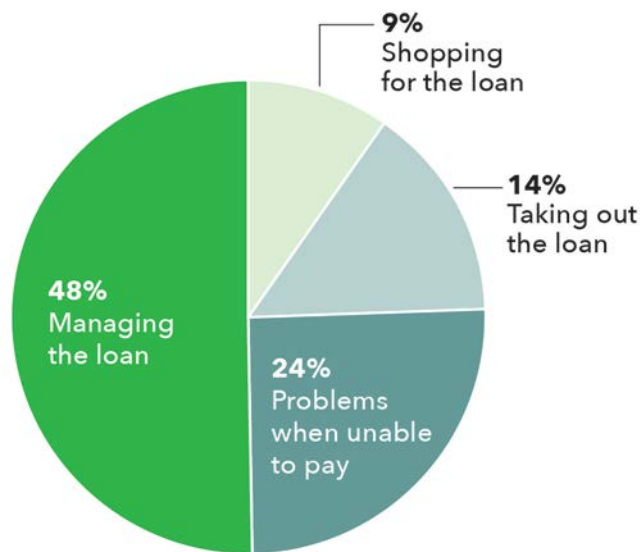
Approximately 4,300 (72 percent) private student loan complaints have been sent by Consumer Response to companies for review and response. The remaining private student loan complaints have been referred to other regulatory agencies (21 percent), found to be incomplete (4 percent), or are pending with the consumer or the CFPB (3 percent). Companies have already responded to approximately 4,000 complaints or 93 percent of the complaints sent to them for response. The median amount of monetary relief reported was approximately \$900 for the approximately

300 private student loan complaints. Consumers have disputed approximately 760 company responses (19 percent) to private student loan complaints.

3.6 Consumers' consumer loan complaints

The CFPB has handled approximately 5,700 consumer loan complaints. The most common type of consumer loan complaint relates to managing the loan, lease, or line of credit (48 percent). Another common type of complaint addresses problems consumers have when they are unable to pay, including issues related to debt collection, bankruptcy, and default (24 percent).

FIGURE 5: TYPES OF CONSUMER LOAN COMPLAINTS REPORTED BY CONSUMERS

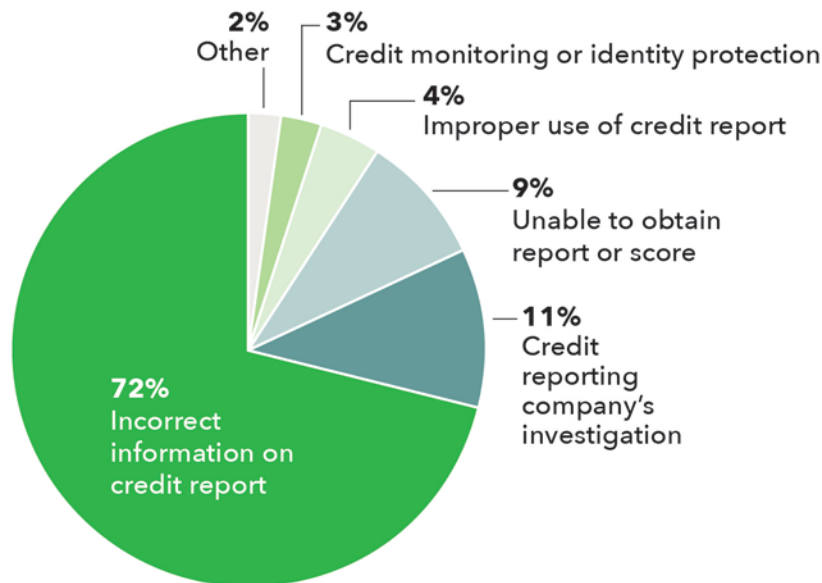


Approximately 3,600 (63 percent) consumer loan complaints have been sent by Consumer Response to companies for review and response. The remaining consumer loan complaints have been referred to other regulatory agencies (30 percent), found to be incomplete (3 percent), or are pending with the consumer or the CFPB (4 percent). Companies have already responded to approximately 3,400 complaints or 94 percent of the complaints sent to them for response. The median amount of monetary relief reported was approximately \$200 for the approximately 300 consumer loan complaints. Consumers have disputed approximately 750 company responses (23 percent) to consumer loan complaints.

3.7 Consumers' credit reporting complaints

The CFPB has handled approximately 14,200 credit reporting complaints. The most common type of credit reporting complaint is about incorrect information appearing on the consumer's credit report, such as information that is not the consumer's, incorrect account status and incorrect personal information (72 percent). Another common type of complaint addresses issues with credit reporting companies' investigation of information disputed by consumers (11 percent).

FIGURE 6: TYPES OF CREDIT REPORTING COMPLAINTS REPORTED BY CONSUMERS

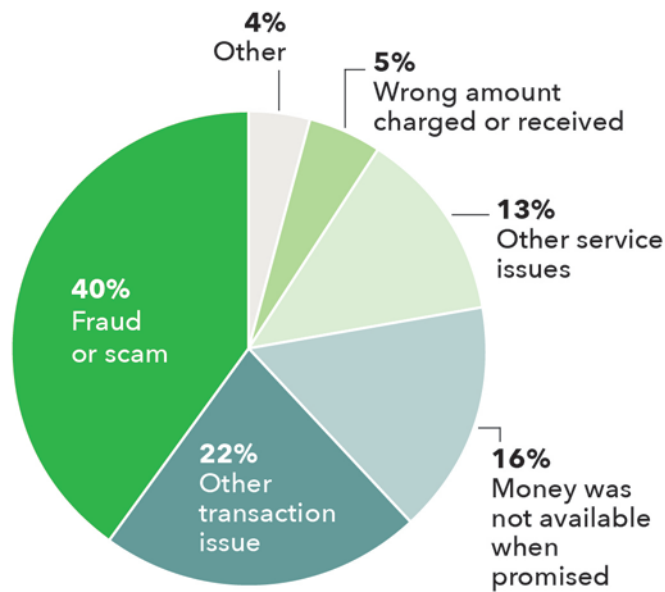


Approximately 9,500 (67 percent) credit reporting complaints have been sent by Consumer Response to companies for review and response. The remaining credit reporting complaints have been referred to other regulatory agencies (4 percent), found to be incomplete (11 percent), or are pending with the consumer or the CFPB (18 percent). Companies have already responded to approximately 8,600 complaints or 91 percent of the complaints sent to them for response. Consumers have disputed approximately 1,400 company responses (17 percent) to credit reporting complaints.

3.8 Consumers' money transfer complaints

The CFPB has handled approximately 300 money transfer complaints. The most common type of money transfer complaint is about frauds or scams (40 percent). Another common type of complaint addresses issues with other transactions, such as issues with unauthorized transactions, cancellations, or refunds (22 percent).

FIGURE 7: TYPES OF MONEY TRANSFER COMPLAINTS REPORTED BY CONSUMERS



Approximately 160 (53 percent) of money transfer complaints have been sent by Consumer Response to companies for review and response. The remaining money transfers complaints have been referred to other regulatory agencies (30 percent), found to be incomplete (6 percent), or are pending with the consumer or the CFPB (13 percent). Companies have already responded to approximately 115 complaints or 72 percent of the complaints sent to them for response. Consumers have disputed approximately 15 company responses (12 percent) to money transfer complaints.

Listening and responding to consumers is an integral part of the CFPB's work to understand issues in the financial marketplace. As Consumer Response processes complaints, it also continues to identify new ways to improve its processes to make them as efficient, effective, and easy-to-use as possible. The Bureau uses consumer complaints to inform its work in making prices and risks clearer, protecting consumers of financial products and services, and encouraging financial markets to operate fairly and competitively.

CFPB CONSUMER RESPONSE CONTACT INFORMATION:

ONLINE

consumerfinance.gov/complaint

TELEPHONE

Toll Free Number: (855) 411-CFPB (2372)

Español: (855) 411-CFPB (2372)

TTY/TDD: (855) 729-CFPB (2372)

Fax Number: (855) 237-2392

Hours of Operation: 8 am - 8 pm EST

MAIL

Consumer Financial Protection Bureau

PO Box 4503

Iowa City, Iowa 52244