

# Consumer Response Annual Report

January 1 – December 31, 2013

# Message from Richard Cordray



## Director of the CFPB

The Consumer Financial Protection Bureau (CFPB or the Bureau) began consumer response operations on July 21, 2011 as the nation's first federal agency specifically mandated to protect American consumers in the financial marketplace. As this report shows, our Office of Consumer Response (Consumer Response) has continued to make great strides over the last year, expanding the CFPB's ability to engage consumers that face financial challenges and bring their concerns to the attention of companies.

The CFPB now accepts complaints about a wide range of products and services that people use every day, including mortgages, credit cards, auto loans, student loans, bank accounts, payday loans, debt collection, credit reporting, and money transfers. Consumers can submit a complaint on our website or by calling us toll-free, where we provide services to consumers in more than 180 languages. Consumer Response continues to work toward expanding the CFPB's complaint handling to include other products and services under the Bureau's authority, such as prepaid cards.

Every complaint the CFPB receives makes a difference. At an individual level, we have helped consumers secure millions of dollars in monetary relief and further satisfaction in the form of non-monetary relief, such as cleaning up their credit reports, stopping harassment from debt collectors, and correcting account information. At a market level, complaints give us insight into what is happening to consumers around the country, right now. They enable us to listen to, and amplify, the concerns of any American who wants to be heard. They are also our compass, and make a difference by informing our work and helping us identify and prioritize problems for potential supervisory, enforcement, and regulatory action.

Through our public Consumer Complaint Database, launched by Consumer Response in June 2012, others can learn from consumers' complaints too. By making anonymized complaint data publicly available, we hope to improve the transparency and efficiency of this essential consumer market. The database, available on our website, is already being used by consumers, advocacy groups, businesses, policy makers, and journalists as a resource for spotting trends in the marketplace that they then share with the public.

Through these various approaches, we are putting the voices of consumers at the center of the Bureau's work. Many companies are adapting to this focus to become more directly responsive to consumer concerns. We continue to work to fulfill Congress's vision that we stand on the side of consumers to help improve their financial lives. Through their complaints, consumers help us to make the marketplace a better and safer place, not only for them but for responsible businesses as well.

Sincerely,

A handwritten signature in blue ink that reads "Richard Cordray". The signature is written in a cursive, flowing style.

Richard Cordray

# Table of contents

<b>Message from Richard Cordray .....</b>	<b>2</b>
<b>Table of contents.....</b>	<b>4</b>
<b>1. Introduction.....</b>	<b>5</b>
<b>2. How the CFPB handles complaints.....</b>	<b>10</b>
<b>3. Results.....</b>	<b>12</b>
<b>3.1 Complaints handled in 2013.....</b>	<b>12</b>
<b>3.2 Consumers' mortgage complaints.....</b>	<b>13</b>
<b>3.3 Consumers' debt collection complaints .....</b>	<b>16</b>
<b>3.4 Consumers' credit reporting complaints.....</b>	<b>19</b>
<b>3.5 Consumers' bank account and service complaints .....</b>	<b>22</b>
<b>3.6 Consumers' credit card complaints.....</b>	<b>24</b>
<b>3.7 Consumers' consumer loan complaints .....</b>	<b>25</b>
<b>3.8 Consumers' private student loan complaints.....</b>	<b>27</b>
<b>3.9 Consumers' money transfer complaints .....</b>	<b>29</b>
<b>3.10 Consumers' payday loan complaints.....</b>	<b>30</b>
<b>3.11 How companies respond to consumer complaints.....</b>	<b>32</b>
<b>3.12 Consumers' feedback about companies' responses .....</b>	<b>36</b>
<b>3.13 Consumer Response investigation and analysis .....</b>	<b>38</b>

# 1. Introduction

The CFPB is the first federal agency solely focused on consumer financial protection.<sup>1</sup> Collecting, investigating, and responding to consumer complaints<sup>2</sup> are integral parts of the CFPB's work.<sup>3</sup> The Bureau's Office of Consumer Response hears directly from consumers about the challenges they face in the marketplace, brings their concerns to the attention of companies, and assists in addressing their complaints.

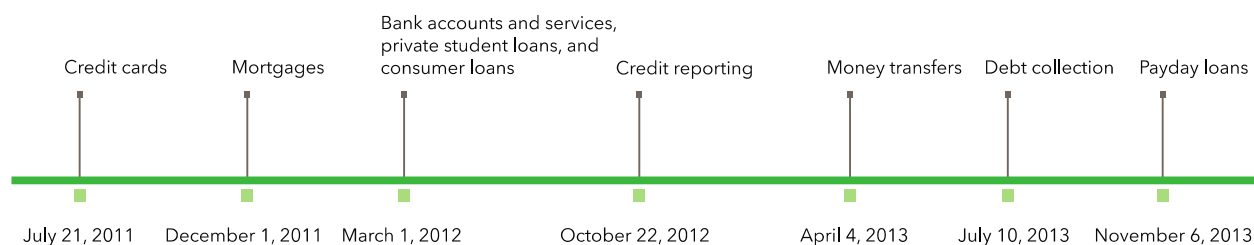
When the Bureau opened its doors on July 21, 2011, it began consumer response operations on the same day, accepting consumer complaints about credit cards. Since then, the Bureau has expanded its complaint handling to include complaints about: mortgages, bank accounts and services, private student loans, vehicle and other consumer loans, credit reporting, money transfers, debt collection, and payday loans.

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<sup>1</sup> The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, Pub. L. No. 111-203 ("Dodd-Frank Act") created the CFPB to protect consumers of financial products or services and to encourage the fair and competitive operation of consumer financial markets.

<sup>2</sup> Consumer complaints are submissions that express dissatisfaction with, or communicate suspicion of wrongful conduct by, an identifiable entity related to a consumer's personal experience with a financial product or service.

<sup>3</sup> See Dodd-Frank Act, Pub. L. No. 111-203, Section 1021(c)(2).

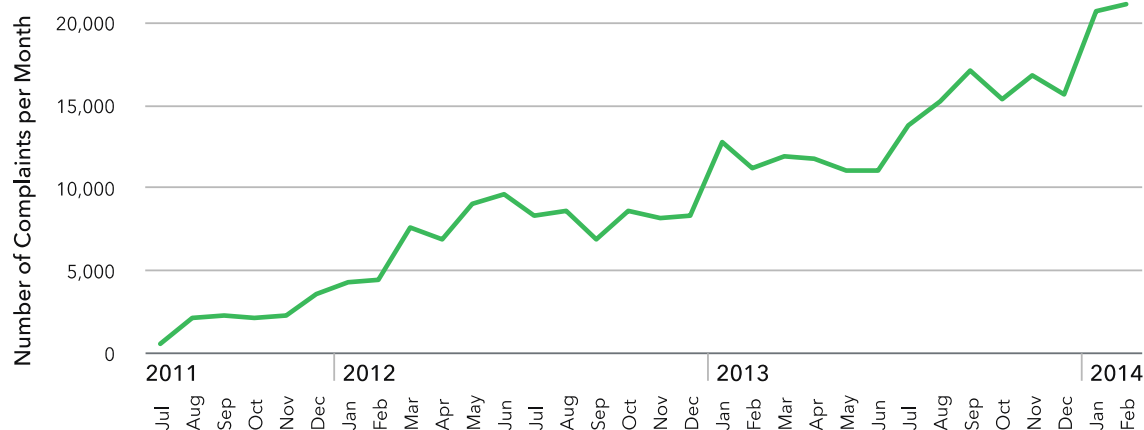


The CFPB continues to work toward expanding its complaint handling to include other products and services under its authority, such as prepaid cards. Consumers may also contact the CFPB about other products and services. The Bureau refers consumers to other regulators or additional resources as appropriate.

The CFPB's phased-in approach to taking complaints has allowed Consumer Response to develop strong foundations over time. Based on feedback from consumers and companies, as well as its own observations, Consumer Response identifies new opportunities to improve its processes and implement changes with each product launch. By applying the lessons learned through previous complaint rollouts, Consumer Response has improved its intake process, enhanced communication with companies, and ensured the system's ease-of-use and effectiveness for consumers.

Since beginning to accept complaints July 21, 2011 through February 28, 2014, the CFPB has handled approximately 309,700 consumer complaints. Complaint volume has steadily increased, rising 80% from 91,000 in 2012 to 163,700 in 2013.

**FIGURE 1: COMPLAINTS OVER TIME**



Information about consumer complaints is available to the public, through the CFPB’s public [Consumer Complaint Database](#), launched on June 19, 2012.<sup>4</sup> Initially populated with credit card complaints received on and after June 1, 2012, the database has been expanded over time:

- October 2012: added credit card complaints dating back to December 1, 2011;
- March 2013: 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;
- May 2013: added credit reporting complaints dating back to October 22, 2012 and money transfer complaints dating back to April 4, 2013; and
- November 2013: added debt collection complaints dating back to July 10, 2013.

A complaint is listed in the database after the company responds to the complaint or after the company has had the complaint for 15 calendar days, whichever comes first. If a company demonstrates within 15 calendar days that it has been wrongly identified, no data for that

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<sup>4</sup> 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).

complaint will be posted unless and until the correct company is identified. Complaints can be removed if they do not meet all of the publication criteria.<sup>5</sup>

The database is live, updates nightly, and contains anonymized complaint data provided by consumers in the complaint process, including the type of complaint, the date of submission, the consumer's zip code, and the company that the complaint concerns. The database also includes information about the actions taken by a company in response to a complaint – whether the company's response was timely, how the company responded, and whether the consumer disputed the company's response. The database does not include consumers' identity information. Web-based and user-friendly features of the database include the ability to: filter data based on specific search criteria; aggregate data in various ways, such as by complaint type, company, location, date, or any combination of available variables; and download data.

**cfpb** Consumer Financial Protection Bureau

Contact us (855) 411-2372

Search

HOME INSIDE THE CFPB GET ASSISTANCE PARTICIPATE LAW & REGULATION **SUBMIT A COMPLAINT**

HOME > CONSUMER COMPLAINT DATABASE

## Consumer Complaint Database

These are complaints we've received about financial products and services.

[Learn about the complaint process.](#)

We don't verify all the facts alleged in these complaints but we do take steps to confirm a commercial relationship between the consumer and company. Complaints are listed here after the company responds or after they have had the complaint for 15 calendar days, whichever comes first. We remove complaints if they don't meet all of the [publication criteria](#). Data is refreshed nightly.

**DATA BY PRODUCT**

- [All](#)
- [Bank accounts or services](#)
- [Credit cards](#)
- [Credit reporting](#)
- [Debt collection](#)
- [Money transfers](#)
- [Mortgages](#)
- [Student loans](#)
- [Other consumer loans](#)

[www.consumerfinance.gov/complaintdatabase](http://www.consumerfinance.gov/complaintdatabase)

Information from the database has been shared and evaluated on social media and using other new applications.

<sup>5</sup> See Disclosure of Certain Credit Card Complaint Data, 77 Fed. Reg. 37,558 (June 22, 2012).



In the summer of 2012, the CFPB asked for public comment about adding complaints about other consumer financial products and services under its authority to the Consumer Complaint Database and received a wide range of comments from interested stakeholders.<sup>6</sup>

The CFPB continues to evaluate, among other things, the release of consumer narratives, the potential for normalization of the data to make comparisons easier, and the expansion of functionality to improve user experience.

The CFPB also has a “Tell Your Story” feature on its website that gives consumers the opportunity to share their experiences – positive or negative – with consumer financial products and services. These submissions, like formal complaints, are reviewed by CFPB staff to help the Bureau understand current issues in the financial marketplace.

In keeping with the CFPB’s statutory responsibility and its commitment to accountability, this report provides an overview of how Consumer Response handles complaints and presents an analysis of complaints received over the period from January 1 through December 31, 2013.<sup>7</sup>

Consumer Response continually strives to improve data quality and protect sensitive information, while increasingly making data available through reports to Congress and to the public about the complaints the CFPB receives and by sharing certain data with the public through the Consumer Complaint Database.

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<sup>6</sup> 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. 37616 (Jun 22, 2012)

<sup>7</sup> This report addresses the reporting requirements of Dodd-Frank Act Section 1013(b)(3)(c), 12 U.S.C. § 5493(b)(3)(c), and Fair Credit Reporting Act Section 611(e), 15 U.S.C. § 1681i(e).

## 2. How the CFPB handles complaints

Consumer Response receives complaints and inquiries directly from consumers. The CFPB accepts complaints through its website and by telephone, mail, email, fax, and referral. Consumers submit complaints on the Bureau's website using complaint forms tailored to specific products, and can also log on to a secure consumer portal to check the status of a complaint and review a company's response. While on the website, consumers can chat with a live agent to get help completing a complaint form. Consumers can also call the Bureau's toll-free number to ask questions, submit a complaint, check the status of a complaint, and more. The CFPB's U.S.-based contact centers provide services to consumers in more than 180 languages and to consumers who are deaf, have hearing loss, or have speech disabilities via a toll-free telephone number. Cutting-edge technology, including secure company and consumer portals, makes the process efficient and user-friendly for consumers and companies. For companies, the CFPB provides secure channels for communicating directly with dedicated staff about technical issues.

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, whether it is submitted by a consumer (or the consumer's authorized representative) with an authenticated commercial relationship with the identified company, and whether the complaint is a duplicate of a prior submission by the same consumer. Screened complaints are sent via a secure web portal to the appropriate company.<sup>8</sup> The company reviews the information, communicates with the consumer as needed, and

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<sup>8</sup> If a particular complaint does not involve a product or market that is within the Bureau's jurisdiction or that is currently being handled by the Bureau, Consumer Response refers it to the appropriate regulator.

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,<sup>9</sup> for example, to help prioritize complaints for investigation. Consumers who have submitted complaints with 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.

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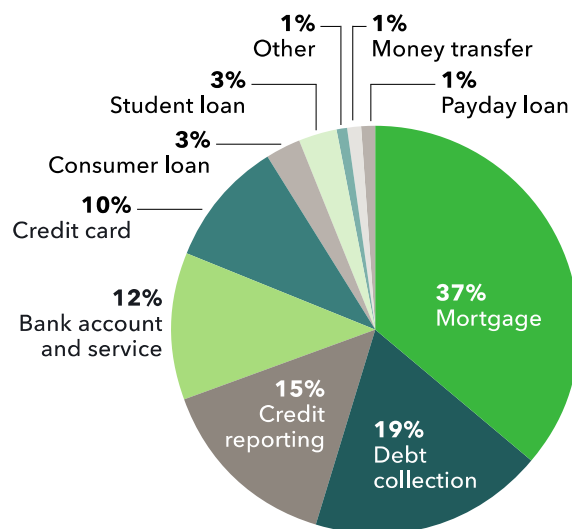
<sup>9</sup> The CFPB requests that companies respond to complaints within 15 calendar days. If a complaint cannot be closed within 15 calendar days, a company may indicate that its work on the complaint is “In progress” and provide a final response within 60 calendar days.

# 3. Results

## 3.1 Complaints handled in 2013

Between January 1, 2013 and December 31, 2013, the CFPB received approximately 163,700 consumer complaints.<sup>10</sup>

FIGURE 2: CONSUMER COMPLAINTS BY PRODUCT<sup>11</sup>



<sup>10</sup> This analysis excludes multiple complaints submitted by a given consumer on the same issue and whistleblower tips. All data are current as of January 1, 2014.

<sup>11</sup> Percentages may not sum to 100 percent due to rounding.

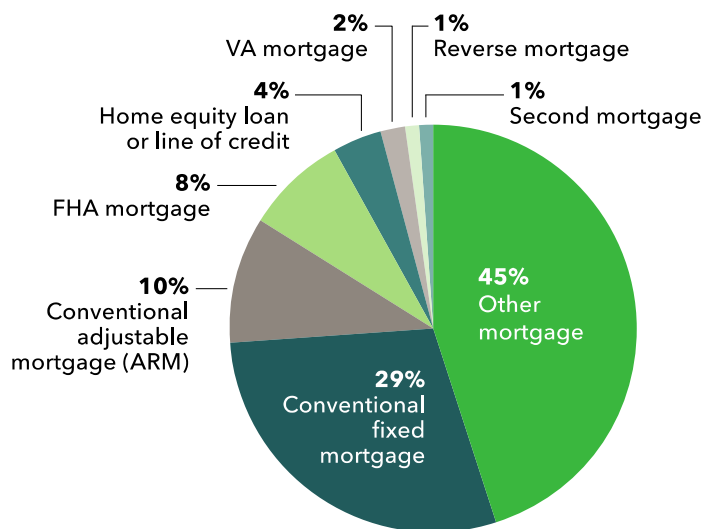
Approximately 54% of all consumer complaints were submitted through the CFPB’s website and 11% via telephone calls. Referrals accounted for 24% of all complaints received. The rest were submitted by mail, email, and fax.

The tables and figures presented below show complaints by type, actions taken, company responses, and consumers’ feedback about company responses.<sup>12</sup>

## 3.2 Consumers’ mortgage complaints

Figures 3 and 4 show the types of mortgage complaints reported by consumers for the approximately 59,900 mortgage complaints received by the CFPB.

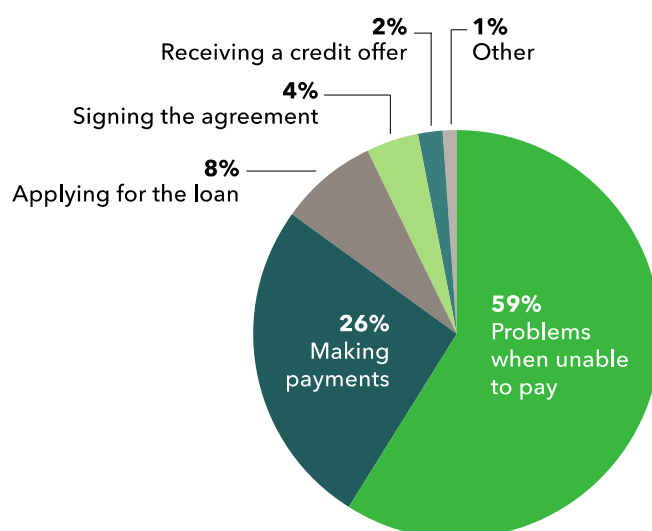
**FIGURE 3: TYPES OF MORTGAGE PRODUCTS CONSUMERS COMPLAIN ABOUT**



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<sup>12</sup> Percentages may not sum to 100 percent due to rounding.

**FIGURE 4: TYPES OF MORTGAGE COMPLAINTS REPORTED BY CONSUMERS**



**TABLE 1: TYPES OF MORTGAGE COMPLAINTS**

Types of mortgage complaints	%
Problems when you are unable to pay (Loan modification, collection, foreclosure)	59%
Making payments (Loan servicing, payments, escrow accounts)	26%
Applying for the loan (Application, originator, mortgage broker)	8%
Signing the agreement (Settlement process and costs)	4%
Receiving a credit offer (Credit decision/Underwriting)	2%
Other	1%
<b>Total Mortgage Complaints</b>	<b>100%</b>

The most common type of mortgage complaint involves problems consumers face when they are unable to make payments, such as issues relating to loan modifications, collections, or foreclosures. Consumers with successfully completed loan modifications have complained that some servicers do not amend derogatory credit reporting accrued by consumers during trial periods – even when documents provided to the consumers by servicers indicated that they

would do so. Consumers seeking short sales have reported that second-lien holders refuse to accept or subordinate in a short sale, whereas some consumers who do obtain a short sale have concerns with the loan account being incorrectly reported as a foreclosure. Consumers facing foreclosure have expressed concern and confusion about fees assessed in connection with the foreclosure process. The fees often seem to represent a substantial barrier to a consumer's ability to reinstate the loan and avoid foreclosure, as many servicers will not roll the fees into the loan balance. Consumers are then required to pay hundreds or thousands of dollars, in addition to the loan reinstatement amount, to avoid foreclosure, and the amount of fees the consumer must pay to reinstate the loan can be confusing. Finally, foreclosure fees are sometimes listed as one line-item on a reinstatement quote, with no itemization provided unless the consumer specifically requests more information on what fees are being assessed.

Other common types of mortgage complaints address issues related to making payments, including loan servicing, payments, or escrow accounts. For example, consumers express concern over difficulties they experience when the servicing of their loans is transferred, including complaints about fees charged by the prior servicer, unexplained escrow deficiencies, issues with the new servicer accepting the previous servicer's modification, and communication between the old and new servicer, especially when loss mitigation efforts are ongoing. For consumers applying for a mortgage loan, consumers raise issues related to interest rate-lock agreements, such as lenders refusing to honor rate-locks, or assessing penalties when the loan does not close.

### 3.3 Consumers' debt collection complaints

Figures 5 and 6 show the types of debt collection complaints reported by consumers for the approximately 31,100 debt collection complaints the CFPB has received.

FIGURE 5: TYPES OF DEBT COMPLAINED ABOUT BY CONSUMERS

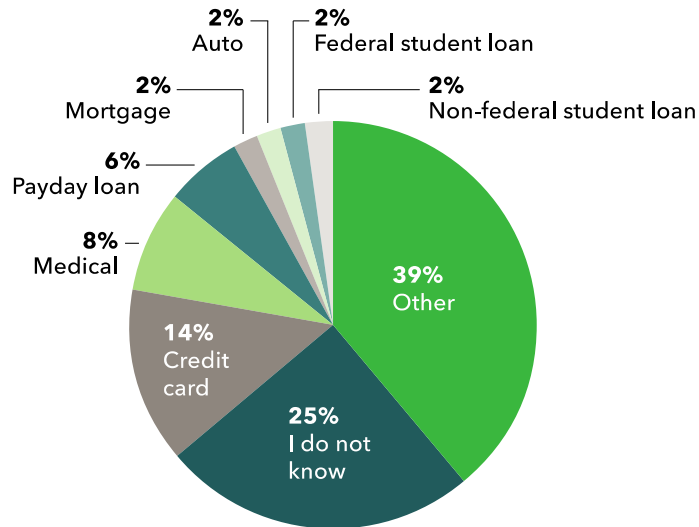
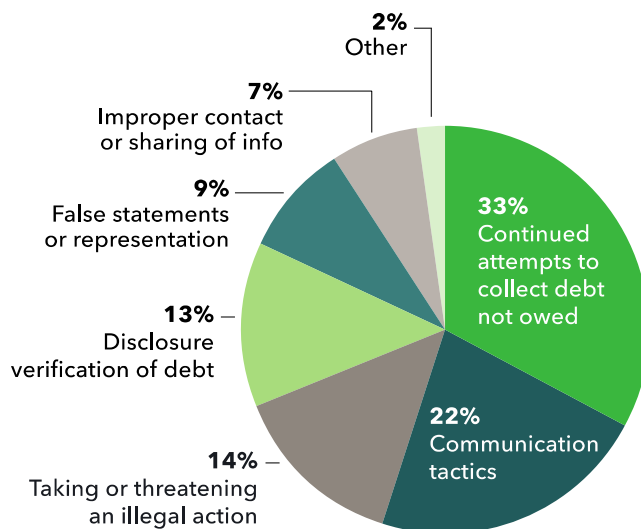


FIGURE 6: TYPES OF DEBT COLLECTION COMPLAINTS REPORTED BY CONSUMERS





**TABLE 2: TYPES OF DEBT COLLECTION COMPLAINTS**

<b>Types of debt collection complaints</b>	<b>%</b>
Continued attempts to collect debt not owed (Debt was discharged in bankruptcy, debt resulted from identity theft, debt was paid, debt is not mine)	33%
Communication tactics (Frequent or repeated calls, called outside of 8am-9pm, used obscene, profane or other abusive language, threatened to take legal action, called after sent written cease of communication notice)	22%
Taking/threatening an illegal action (Threatened to arrest me or take me to jail if I do not pay, threatened to sue me on debt that is too old to be sued on, sued me without properly notifying me of lawsuit, sued me where I did not live or did not sign for the debt, attempted to/collected exempt funds, seized or attempted to seize property)	14%
Disclosure verification of debt (Did not receive notice of right to dispute, not enough information to verify debt, did not disclose communication was an attempt to collect a debt)	13%
False statements or representation (Attempted to collect wrong amount, impersonated attorney, law enforcement or government official, indicated committing crime by not paying debt, indicated should not respond to lawsuit)	9%
Improper contact or sharing of information (Contacted me after I asked not to, contacted my employer, contacted me instead of my attorney, talked to a third party about my debt)	7%
Other	2%
<b>Total Debt Collection Complaints</b>	<b>100%</b>

As the table illustrates, the most common type of debt collection complaint is about continued attempts to collect a debt that is not owed. In many of these cases the attempt to collect the debt is not itself the problem; rather, consumers argue that the calculation of the underlying debt is inaccurate or unfair. In other cases, the consumer’s complaint centers on the credit reporting of the debt. These complaints, which are often mirrored by credit reporting complaints submitted to the Bureau, indicate that consumers frequently only learn about debt collection accounts when they check their credit reports.

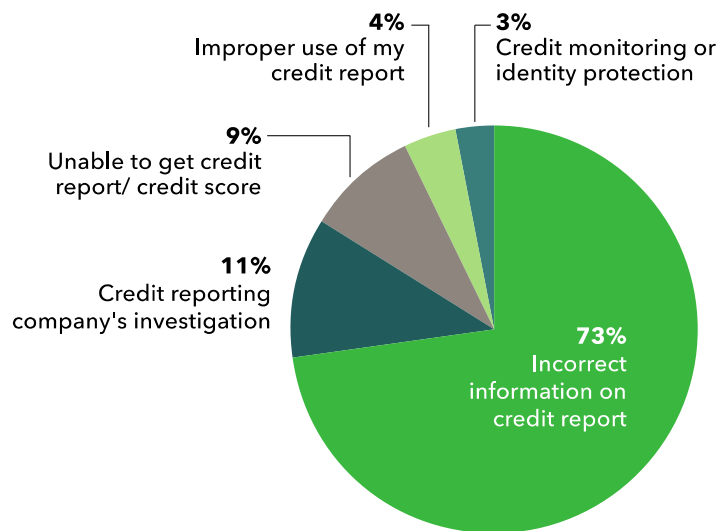
Another common type of complaint, related to consumers' questions about the underlying debt, involves verification of the debt. In these complaints, consumers ask the debt collection company to provide them with validation or verification of the underlying debt. Consumers are generally seeking documentation that they were the ones who signed the contract underlying the debt in question. Consumers, however, report that collectors do not provide them with the information that the consumers believe they should provide.

Complaints about communication tactics, particularly telephone collections, are another common type of consumer complaint. Consumers complain about telephone collections which are too frequent and which come at inconvenient times of the day. They also complain about debt collectors calling their place of employment or third parties. The most common telephone collection related complaint is when a consumer gets a call about another person's debt. Sometimes the call is for someone with a similar name. More often, it appears the consumer's phone number has mistakenly been attached to another person's account. In most cases, it appears that consumers are submitting their complaint to the CFPB after repeated failed attempts to inform the company calling them that the debtor is not located at that number.

### 3.4 Consumers' credit reporting complaints<sup>13</sup>

Figure 7 shows the types of credit reporting complaints, as reported by consumers for the approximately 24,200 credit reporting complaints received by the CFPB.<sup>14</sup> This includes approximately 15,800 (65%) about the three national credit reporting agencies – Equifax, Experian, and TransUnion.

**FIGURE 7: TYPES OF CREDIT REPORTING COMPLAINTS REPORTED BY CONSUMERS**



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<sup>13</sup> Consumers can submit complaints about various types of consumer reporting agencies, including the three national credit reporting agencies and speciality reporting agencies. This section of the Annual Report satisfies the requirement of Fair Credit Reporting Act section 611(e), 15 U.S.C. § 1681i(e), that the Bureau submit an annual report to Congress about the information gathered about national credit reporting agencies' responses to credit reporting completeness and accuracy complaints.

<sup>14</sup> Consumer Response began handling credit reporting complaints on October 22, 2012.

**TABLE 3: TYPES OF CREDIT REPORTING COMPLAINTS**

Types of credit reporting complaints	%
Incorrect information on credit report (Information is not mine, Account terms, Account status, Personal information, Public record, Reinserted previously deleted information)	73%
Credit reporting company's investigation (Investigation took too long, Did not get proper notice of investigation status or results, Did not receive adequate help over the phone, Problem with statement of dispute)	11%
Unable to get my credit report or credit score (Problem getting free annual report, Problem getting report or credit score)	9%
Improper use of my credit reporting (Report improperly shared by credit reporting company, Received marketing offers after opting out, Report provided to employer without written authorization)	4%
Credit monitoring or identity protection services (Problem cancelling or closing account, Billing dispute, Receiving unwanted marketing or advertising, Account or product terms and changes, Problem with fraud alerts)	3%
<b>Total Credit Reporting Complaints</b>	<b>100%</b>

This table illustrates that the most common type of credit reporting complaint is about incorrect information appearing on the consumer's credit report. These complaints reflect those where the consumer disputes the completeness or accuracy of information in a credit report. Of the approximately 17,600 such complaints submitted by consumers approximately 10,800 (61%) were about the three national credit reporting companies.

Among consumers' complaints about incorrect information appearing on their credit report, the most common concerns were about incorrect account status and information that does not belong to the consumer. Some consumers report having to deal with the reappearance of incorrect account information on their credit reports, including inaccurate collection accounts, they had previously disputed and corrected. Other consumers express frustration with having to correct information that does not belong to them. Many accuracy complaints submitted by consumers reflect confusion concerning how public records, such as bankruptcies and liens, may be reported on a credit report.

For all of the national credit reporting companies, the most common sub-issue for incorrect information on credit report complaints relates to account status, including such issues as whether a bill was paid on time and whether an account being reported is closed.

**TABLE 4: SUB-ISSUES OF INCORRECT INFORMATION ON CREDIT REPORT COMPLAINTS**

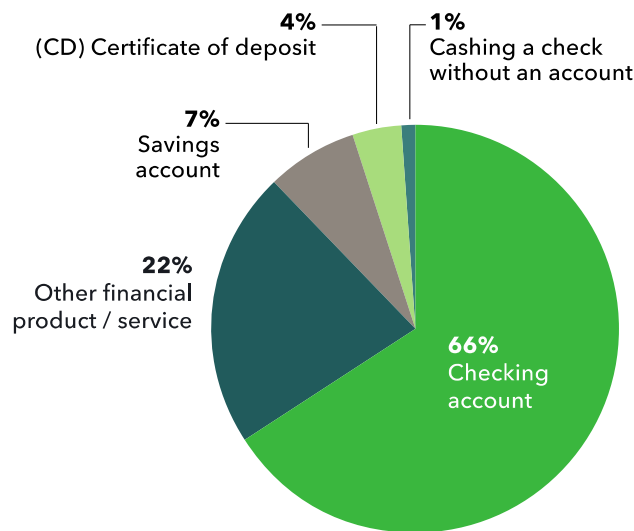
Sub-issue for incorrect information on credit report complaints	Equifax	Experian	TransUnion	National Credit Reporting Agencies
Account status (Paid bill on time, account closed, etc.)	43%	44%	45%	44%
Account terms (Creditor name/info, balance, payment, etc.)	12%	11%	11%	12%
Information is not mine (Belongs to someone else, identity theft, fraud, etc.)	27%	27%	28%	27%
Personal information (Wrong date of birth, address, etc.)	5%	6%	5%	5%
Public record (Bankruptcy, judgment, etc.)	8%	8%	7%	8%
Reinserted previously deleted information	5%	4%	4%	4%
<b>Total Incorrect Information on Credit Report Complaints</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Beyond incorrect information complaints, another common type of credit reporting complaint is about issues with credit reporting companies' investigations of information disputed by consumers. Consumers report that credit reporting companies sometimes return findings on their disputes within only a few days, and consumers question the depth and validity of such quick investigations. Additionally, consumers report frustration when they have submitted documentation that they believe proves that the information provided by the data furnisher was inaccurate, but no change is made to their credit report.

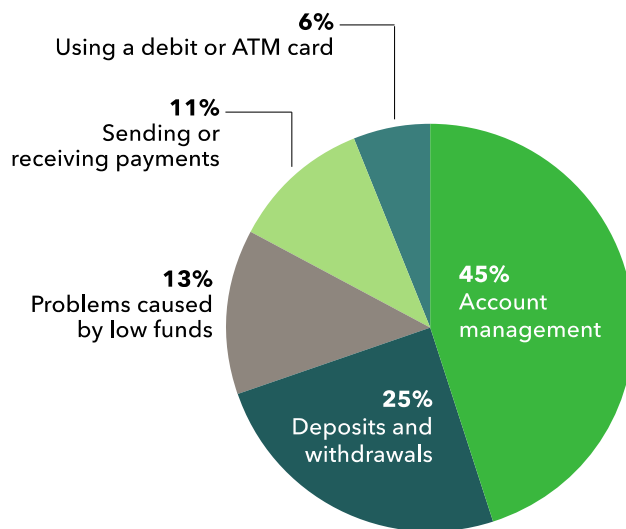
## 3.5 Consumers' bank account and service complaints

Figures 8 and 9 show the types of bank account and service complaints, such as complaints about checking and savings accounts, as reported by consumers for the approximately 19,000 complaints received by the CFPB.

**FIGURE 8:** TYPES OF BANK ACCOUNTS AND SERVICES CONSUMERS COMPLAIN ABOUT



**FIGURE 9:** TYPES OF BANK ACCOUNT AND SERVICE COMPLAINTS REPORTED BY CONSUMERS



**TABLE 5: TYPES OF BANK ACCOUNT AND SERVICE COMPLAINTS**

<b>Types of bank account and service complaints</b>	<b>%</b>
Account opening, closing, or management (Confusing marketing, denial, disclosure, fees, closure, interest, statements, joint accounts)	45%
Deposits and withdrawals (Availability of deposits, withdrawal problems and penalties, unauthorized transactions, check cashing, payroll deposit problems, lost or missing funds, transaction holds)	25%
Problems caused by my funds being low (Overdraft fees, late fees, bounced checks, credit reporting)	13%
Making or receiving payments, sending money to others (Problems with payments by check, card, phone or online, unauthorized or fraudulent transactions, money/wire transfers)	11%
Using a debit or ATM card (Disputed transaction, unauthorized card use, ATM or debit card fees, ATM problems)	6%
<b>Total Bank Account and Service Complaints</b>	<b>100%</b>

As the table illustrates, the most common type of bank account and service complaint relates to opening, closing, or managing the account. These complaints address issues such as account maintenance fees, legal processing fees for judgments and levies, changes in account terms, confusing marketing, early withdrawal penalties for certificates of deposit, and involuntary account closures. Other common complaints relate to deposit and withdrawal issues, such as transaction holds, the company's right to offset deposit accounts, and unauthorized debit card charges. In this area, many consumers are frustrated by companies' handling of error disputes and requests to stop payment on preauthorized electronic debits. A third common type of complaint relates to problems caused by a consumer's funds being low, including overdraft fees, bounced checks, charged-off accounts, and negative reporting to credit reporting agencies. In this area, many consumers are frustrated by the way some companies appear to manipulate the order in which deposits and withdrawals are posted to consumers' accounts to maximize overdraft fees.

## 3.6 Consumers' credit card complaints

Table 6 shows the most common types of credit card complaints that the CFPB has received as reported by consumers. Sixty-six percent of the approximately 16,600 credit card complaints fell into these ten categories.

**TABLE 6: MOST COMMON CREDIT CARD COMPLAINTS REPORTED BY CONSUMERS**

Most common credit card complaints	%
Billing disputes	19%
Other	10%
Identity theft / Fraud / Embezzlement	8%
Closing / Cancelling account	7%
APR or interest rate	6%
Late fee	4%
Customer service / Customer relations	3%
Credit determination	3%
Credit reporting	3%
Advertising and marketing	3%
<b>Credit Card Complaints in Top 10 Types</b>	<b>66%</b>

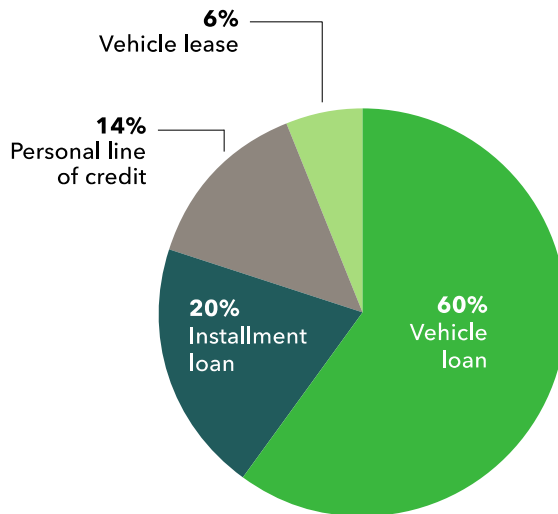
As the table illustrates, billing disputes are the most common type of credit card complaint. Some consumers are confused and frustrated by the process and by their limited ability to challenge inaccuracies on their monthly credit card billing statements. For example, some consumers realize only after 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 identity theft, fraud or embezzlement, closing and cancelling accounts, and annual percentage rates or interest rates.



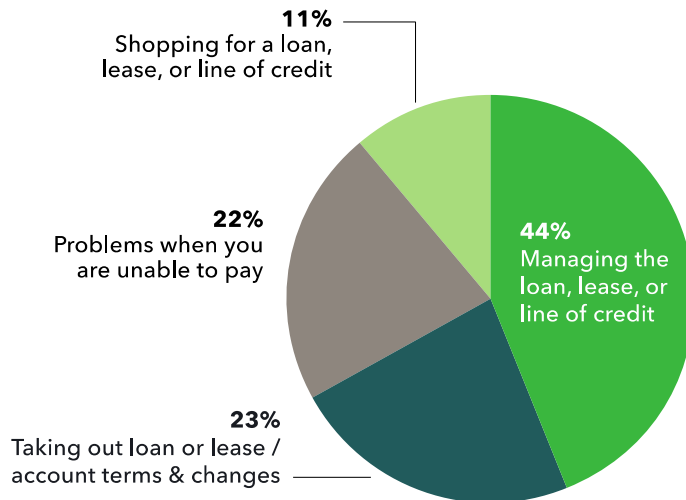
## 3.7 Consumers' consumer loan complaints

Figures 10 and 11 show the types of consumer loan complaints as reported by consumers for the approximately 5,300 consumer loan complaints received by the CFPB.

**FIGURE 10: TYPES OF CONSUMER LOANS CONSUMERS COMPLAIN ABOUT**



**FIGURE 11: TYPES OF CONSUMER LOAN COMPLAINTS REPORTED BY CONSUMERS**



**TABLE 7: TYPES OF CONSUMER LOAN COMPLAINTS**

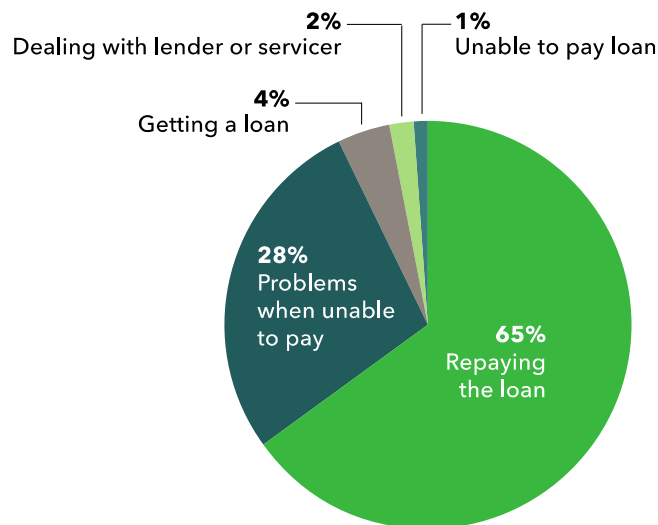
<b>Types of consumer loan complaints</b>	<b>%</b>
Managing the loan, lease, or line of credit (Billing, late fees, damage or loss, insurance (GAP, credit, etc.), credit reporting, privacy)	44%
Taking out the loan or lease / Account terms and changes (Term changes (mid-deal changes, changes after closing, rates, fees, etc.), required add-on products, trade-in payoff, fraud)	23%
Problems when you are unable to pay (Debt collection, repossession, set-off from bank account, deficiency, bankruptcy, default)	22%
Shopping for a loan, lease, or line of credit (Sales tactics or pressure, credit denial, confusing advertising or marketing)	11%
<b>Total Consumer Loan Complaints</b>	<b>100%</b>

The table illustrates that the most common type of consumer loan complaint pertains to managing the loan, lease, or line of credit. Another common type of complaint addresses problems consumers have when they are unable to pay, including issues related to debt collection, bankruptcy, and default.

## 3.8 Consumers' private student loan complaints

Figure 12 shows the types of student loan complaints as reported by consumers for the approximately 4,300 student loan complaints received by the CFPB.<sup>15</sup>

**FIGURE 12:** TYPES OF STUDENT LOAN COMPLAINTS REPORTED BY CONSUMERS



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<sup>15</sup> Prior to December 18, 2013, consumers submitting student loan complaints could select from three types of complaint categories: *Getting a loan*, *Repaying your loan*, and *Problems when you are unable to pay*. Beginning on December 18, 2013, the student loan complaint form was updated to make it easier for consumers submitting a complaint to categorize the problems they are having with their student loan. Consumers now select from the following three types of complaint categories: *Getting a loan*, *Can't pay my loan*, and *Dealing with my lender or servicer*. This report includes the types of complaints submitted under both the original and updated forms.

**TABLE 8: TYPES OF PRIVATE STUDENT LOAN COMPLAINTS**

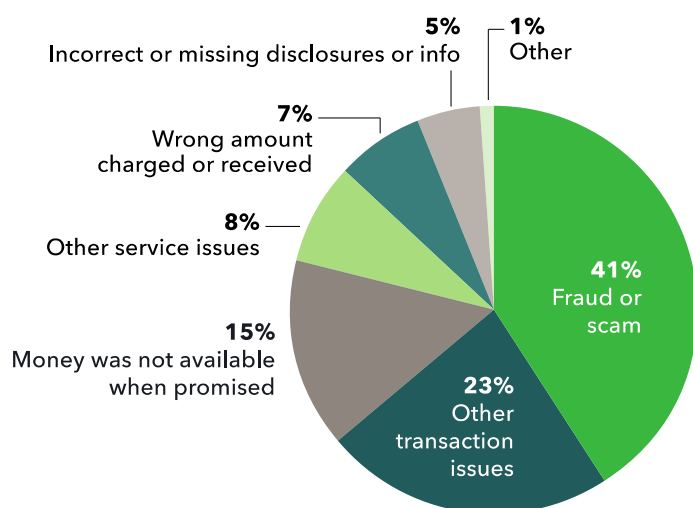
Types of private student loan complaints	%
Repaying your loan (Fees, billing, deferment, forbearance, fraud, credit reporting)	65%
Problems when you are unable to pay (Default, debt collection, bankruptcy)	28%
Getting a loan (Confusing terms, rates, denial, confusing advertising or marketing, sales tactics or pressure, financial aid services, recruiting)	4%
Dealing with lender or servicer	2%
Unable to pay loan	1%
<b>Total Student Loan Complaints</b>	<b>100%</b>

The most common type of student loan complaint relates to repaying the loan, such as fees, billing, deferment, forbearance, fraud, and credit reporting. Consumers continue to struggle with the limited affordable payment options permitted in their loan agreements. Specifically, consumers are unable to refinance or restructure the repayment terms of their loan, either to lower monthly payments during periods of financial hardship, or to improve existing terms based upon the consumer's improved credit profile and credit-worthiness. Consumers also raised concerns about a range of other servicing problems, including payment processing problems, challenges obtaining necessary documentation about their private student loans, difficulty obtaining accurate information about their loan status and repayment options, and obstacles to accessing basic account information. 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.

## 3.9 Consumers' money transfer complaints

Figure 13 shows the types of money transfer complaints reported by consumers for the approximately 1,000 money transfer complaints the CFPB has received.

**FIGURE 13: TYPES OF MONEY TRANSFER COMPLAINTS REPORTED BY CONSUMERS**



**TABLE 9: TYPES OF MONEY TRANSFER COMPLAINTS**

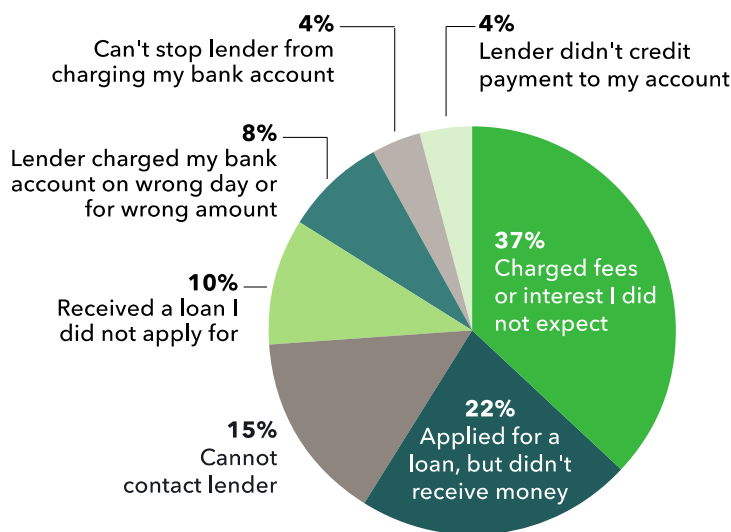
Types of money transfer complaints	%
Fraud or scam	41%
Other transaction issues ( <i>Unauthorized transaction, cancellation, refund, etc.</i> )	23%
Money was not available when promised	15%
Other service issues	8%
Wrong amount charged or received	7%
Incorrect or missing disclosures or info	5%
Other	1%
<b>Total Money Transfer Complaints</b>	<b>100%</b>

This table illustrates that the most common type of money transfer complaint is about fraud or scams. In these cases, the consumer is prompted to send funds as a result of a scam, and someone other than the consumer’s intended recipient ultimately receives the funds. For example, consumers often complain that they were prompted to transfer funds in response to a request for help from a family member or friend, for the purchase of goods or services, the rental of an apartment, a loan, a job opportunity, or to pay taxes on lottery earnings. In response to such complaints, companies engaged in money transfers define it as a person-to-person service and not a commercial service. Thus, they claim no liability when someone other than the intended recipient receives the funds, as long as the company complied with its policies and procedures and the minimum identification requirements were satisfied by the recipient. Another common type of complaint involves issues with other transactions, such as unauthorized transactions, cancellations, or refunds.

### 3.10 Consumers’ payday loan complaints

Figure 14 shows the types of payday loan complaints reported by consumers for the approximately 1,000 payday loan complaints the CFPB has received.

FIGURE 14: TYPES OF PAYDAY LOAN COMPLAINTS REPORTED BY CONSUMERS



**TABLE 10: TYPES OF PAYDAY LOAN COMPLAINTS**

<b>Types of payday loan complaints</b>	<b>%</b>
Charged fees or interest I did not expect	37%
Applied for a loan, but didn't receive money	22%
Cannot contact lender	15%
Received a loan I did not apply for	10%
Lender charged my bank account on wrong day or for wrong amount	8%
Can't stop lender from charging my bank account	4%
Payment to account not credited	4%
<b>Total Payday Loan Complaints</b>	<b>100%</b>

This table illustrates that the most common type of payday loan or deposit advance (i.e., bank payday advance loan) complaint is about being charged unexpected fees or interest. Another common type of complaint involves issues with applying for loan, but not receiving the money. Consumers also complain about problems with contacting their lender, and about receiving loans they did not apply for.

The remaining complaints involve issues surrounding payments, such as, the use of check holding and electronic debit authorization that hands control of the consumer's bank account over to the lender. Most consumers are not aware that the payday contract can authorize the lender to withdraw the funds electronically in the event that the consumer stops payment on the first check. Additionally, such agreements can allow the payday lender to re-present the check several times, causing the consumer to incur a nonsufficient funds fee each time.

Many consumers are unaware that funds would be taken from the next direct deposit to pay the direct deposit advance they took. There is also confusion over the repayment date. Consumers with multiple advances and deposits often have difficulty managing a short repayment period and will roll-over the loan, inflating the cost (annual percentage rate) of the loan.

Other common complaints include lack of clarity about repayment of the loan using automatic withdrawal features on a bank card, prepaid card, or by direct deposit and disputes with lenders about whether the loan had been paid off.

The cost and structure of a particular loan can make it difficult for consumers to repay. Consumers raised concerns such as the risk of being unable to repay the loan while still having enough money left over for other expenses, the high cost of the loan, and aggressive debt collection practices in the case of delinquency or default.

## 3.11 How companies respond to consumer complaints

Approximately 113,200 (or 69%) of all complaints received between January 1, 2013 and December 31, 2013 were sent by Consumer Response to companies for review and response.<sup>16</sup> Table 11 shows how companies responded to these complaints during this time period.

Company responses include descriptions of steps taken or that will be taken, communications received from the consumer, any follow-up actions or planned follow-up actions, and categorization of the response. Response category options include “closed with monetary relief,” “closed with non-monetary relief,” “closed with explanation,” “closed,” “in progress,” and other administrative options. Monetary relief is defined as objective, measurable, and verifiable monetary relief to the consumer as a direct result of the steps taken or that will be taken in response to the complaint. “Closed with non-monetary relief” indicates that the steps taken by the company in response to the complaint did not result in monetary relief to the consumer that is objective, measurable, and verifiable, but may have addressed some or all of the consumer’s complaint involving non-monetary requests. Non-monetary relief is defined as other objective and verifiable relief to the consumer as a direct result of the steps taken or that will be taken in response to the complaint. “Closed with explanation” indicates that the steps taken by the company in response to the complaint included an explanation that was tailored to the individual consumer’s complaint. For example, this category would be used if the explanation substantively meets the consumer’s desired resolution or explains why no further action will be taken. “Closed” indicates that the company closed the complaint without relief – monetary or

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<sup>16</sup> The remaining complaints have been referred to other regulatory agencies (18%), found to be incomplete (9%), or are pending with the consumer or the CFPB (1% and 3%, respectively).



non-monetary – or explanation. Consumers are given the option to review and dispute all company closure responses.

Companies have responded to approximately 93% of complaints<sup>17</sup> sent to them and report having closed 89% of the complaints sent to them. Table 11 shows how companies have responded.

**TABLE 11: HOW COMPANIES HAVE RESPONDED TO CONSUMER COMPLAINTS**

Company response	All	Mortgage	Debt collection	Credit reporting	Bank account or service
Closed with monetary relief	7%	2%	2%	1%	23%
Closed with non-monetary relief	11%	7%	17%	29%	5%
Closed with explanation	68%	77%	60%	61%	60%
Closed (without relief or explanation)	2%	3%	3%	1%	4%
Administrative response	3%	5%	2%	1%	2%
Company reviewing	7%	6%	16%	8%	5%
Company did not provide a timely response	1%	<1%	<1%	<1%	<1%
<b>Total Complaints Sent to Companies for Response</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

<sup>17</sup> Companies have responded to approximately 104,700 of the 113,200 sent to them for response.

Company response	All	Credit card	Consumer loan	Student loan	Money transfer	Payday loan
Closed with monetary relief	7%	22%	8%	8%	17%	8%
Closed with non-monetary relief	11%	11%	8%	11%	2%	6%
Closed with explanation	68%	57%	72%	71%	63%	36%
Closed (without relief or explanation)	2%	1%	3%	1%	2%	2%
Administrative response	3%	2%	1%	1%	2%	11%
Company reviewing	7%	6%	8%	9%	14%	36%
Company did not provide a timely response	1%	<1%	<1%	1%	<1%	1%
<b>Total Complaints Sent to Companies for Response</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Approximately 11,000 complaints about incorrect information on a credit report have been sent to companies for response, including 10,200 sent to the three national credit reporting companies. Table 12 shows how the national credit reporting companies had responded to these complaints at the end of the reporting period.

**TABLE 12:** HOW COMPANIES HAVE RESPONDED TO INCORRECT INFORMATION COMPLAINTS

Company reported	Equifax	Experian	TransUnion	National Credit Reporting Agencies
Company reported closed with explanation	45%	66%	75%	61%
Company reported closed with non-monetary relief	49%	21%	19%	30%
Company reported closed	0%	0%	0%	0%
Company reported closed with monetary relief	0%	0%	0%	0%
Company provided administrative response	0%	1%	1%	1%
Company reviewing	6%	12%	5%	8%
<b>Grand Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Companies have the option to report an amount of monetary relief, where applicable. In 2013, companies provided relief amounts in response to more than 8,520 complaints. The median amount of relief reported by companies was \$154; however, company reports of monetary relief amount as well as the amount of relief varies by product. For the approximately 1,255 mortgage complaints where companies provided a relief amount, the median amount of relief reported was approximately \$460. For the more than 3,210 bank account and service complaints where companies provided a relief amount, the median amount of relief reported was approximately \$111. For the approximately 3,090 credit card complaints where companies provided a relief amount, the median amount of relief reported was approximately \$126. For the approximately 250 consumer loan complaints where companies provided a relief amount, the median amount of relief reported was approximately \$274. For the approximately 240 student loan complaints

where companies provided a relief amount, the median amount of relief reported was approximately \$187. For the approximately 100 money transfer complaints where companies provided a relief amount, the median amount of relief reported was approximately \$185. For the approximately 20 payday loan complaints where companies provided a relief amount, the median amount of relief reported was approximately \$585. Companies rarely report providing monetary relief in response to consumers' debt collection and credit reporting complaints. For the approximately 250 debt collection complaints where companies provided a relief amount, the median amount of relief reported was approximately \$348. For the approximately 100 credit reporting complaints where companies provided a relief amount, the median amount of relief reported was approximately \$33.

Companies also have the option to provide non-monetary relief in response to complaints. Consumers have received a range of non-monetary relief in response to their complaints, such as:

- providing mortgage foreclosure alternatives that do not have direct monetary value to the consumer, but that help them to keep their home;
- stopping harassment from debt collectors;
- cleaning up consumers' credit reports by correcting submissions to credit bureaus; restoring or removing a credit line;
- correcting account information, including in credit reports; and
- addressing formerly unmet customer service issues.

## 3.12 Consumers' feedback about companies' responses

Once the company responds, the CFPB provides the company's response to the consumer for review. Where the company responds "closed with monetary relief," "closed with non-monetary relief," "closed with explanation," or "closed," consumers are given the option to provide feedback on the company's response. Table 13 shows how consumers responded to the approximately 104,700 complaints where they were given the option to provide feedback.

Consumers are asked to notify the CFPB within 30 days if they want to provide feedback by disputing a company’s response. Approximately 21% of consumers disputed the response provided by the company while approximately 66% did not dispute the response during the feedback period. The rest were pending with consumers at the end of this period.

**TABLE 13:** CONSUMER FEEDBACK ABOUT COMPANY RESPONSES

Consumer review of company’s response	All	Mortgage	Debt collection	Credit reporting <sup>18</sup>	Bank account or service
Consumer did not dispute company’s response	66%	66%	65%	60%	69%
Consumer disputed company’s response	21%	23%	18%	18%	20%
Pending consumer review of company’s response	13%	11%	17%	23%	12%
<b>Total Responses for Consumer Review</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

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<sup>18</sup> To the 9,300 inaccurate information complaints responded to by national credit reporting companies where consumers were given the option to provide feedback, consumers disputed approximately 15%. Sixty-two percent were not disputed by consumers and the remaining 23% were pending with consumers at the end of the period.

Consumer review of company's response	All	Credit card	Consumer loan	Student loan	Money transfer	Payday loan
Consumer did not dispute company's response	66%	68%	65%	69%	69%	68%
Consumer disputed company's response	21%	21%	24%	21%	16%	12%
Pending consumer review of company's response	13%	10%	11%	10%	16%	20%
<b>Total Responses for Consumer Review</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### 3.13 Consumer Response investigation and analysis

After requesting that companies respond to complaints sent to them for response and giving consumers the opportunity to review and provide feedback on company responses, Consumer Response prioritizes complaints for investigation based on a review of the complaint, the company's response, and the consumer feedback. Consumer Response seeks to determine why a company failed to provide a timely response (if applicable) and whether the consumer's feedback of the company's response (if applicable) justifies additional review of the company's minimum required actions under the consumer financial protection laws within the CFPB's authority. In the course of an investigation, Consumer Response may ask companies and consumers for additional information. In some cases, Consumer Response has referred complaints to colleagues in the CFPB's Division of Supervision, Enforcement, and Fair Lending & Equal Opportunity for further consideration.

# Conclusion

Listening to consumers and reviewing and analyzing their complaints is an integral part of the CFPB's work in understanding issues in the financial marketplace, and helping the market work better for consumers. The information shared by consumers and companies throughout the complaint process informs the Bureau about business practices that may pose risks to consumers and helps the Bureau in its work to supervise companies, enforce Federal consumer financial laws, and write better rules and regulations.