

Annual Report to the Director 2015

Advocating for Fair Process in Consumer Financial Protection



OMBUDSMAN'S
OFFICE

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Message

I am pleased to present our FY2015 annual report to the Director of the Consumer Financial Protection Bureau, pursuant to the CFPB Ombudsman's Office Charter.

This year, we focused on new ways to further build on our engagement with both our internal and external stakeholders. As an ombudsman, it is essential that we learn more about your experiences, perspectives, or work and that you have the opportunity to learn more about our resource and how we can assist. With this foundation, we are equipped to understand the context of possible process issues, recognize how those issues may dovetail with broader concerns, know what questions to ask, and can review possible avenues and creative ideas for how the issues can be considered or addressed. When stakeholders are familiar with the ombudsman's role as an independent, impartial, and confidential resource, we then are able to provide feedback and recommendations to the agency that can be helpful for all.

In FY2015, the CFPB Ombudsman's Office built on our internal engagement with the CFPB in a number of ways, including adding regular inreach (internal engagement) meetings and briefings as well as bolstering our data reporting to provide quarterly statistics on individual inquiries. To add to our ongoing external engagement, for example, we launched our first Ombudsman Forum program as another avenue to hear further about process issues raised with our office. This year, we also issued our first Mid-Year Update to share the latest on our work with all of our stakeholders.

Reflecting on internal and external engagement, our Ombudsman in Practice section in this year's report introduces a flowchart to visually demonstrate what people can expect when seeking our assistance, and it shares new examples where we identified and highlighted issues, provided feedback, and offered suggestions to the CFPB. Our internal and external engagement also helped to facilitate and inform our analyses for our broader studies this year – consent orders and their accompanying press releases, CFPB field hearings, and information provided in the CFPB's Consumer Complaint Database.

Going forward, we developed a new office strategic plan and each strategic goal aligns with building on our internal and external engagement even further. As we start this new year, my team and I look forward to continuing our engagement with all of our stakeholders as we advocate for a fair process in consumer financial protection.

Wendy Kamenshine
CFPB Ombudsman

November 16, 2015

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Ombudsman in Practice

The Ombudsman¹ informally assists in resolving process issues with the CFPB that are: mentioned in individual inquiries received from consumers, financial entities, their groups, and others; highlighted in interactions with groups; or observed by the Ombudsman. This section describes how people find out about the Ombudsman, when to contact us and what to expect when you do, our inreach (internal engagement) with the CFPB, and some examples demonstrating how we worked in practice this year.

Finding out about the Ombudsman

To share further about our resource, we conduct our own independent outreach, which includes: in-office introductory and follow-up meetings, teleconferences with groups' memberships, presentations to board meetings, speaking at conferences and in smaller gatherings, and informal visits to financial entities' operations. Consumer and industry groups as well as financial entities that wish to request an outreach meeting with the Ombudsman may contact CFPBOmbudsman@cfpb.gov or (855) 830-7880. In addition, the Ombudsman is available for regular touch base meetings with groups to maintain engagement with the office as well as to share perspectives and emerging trends.

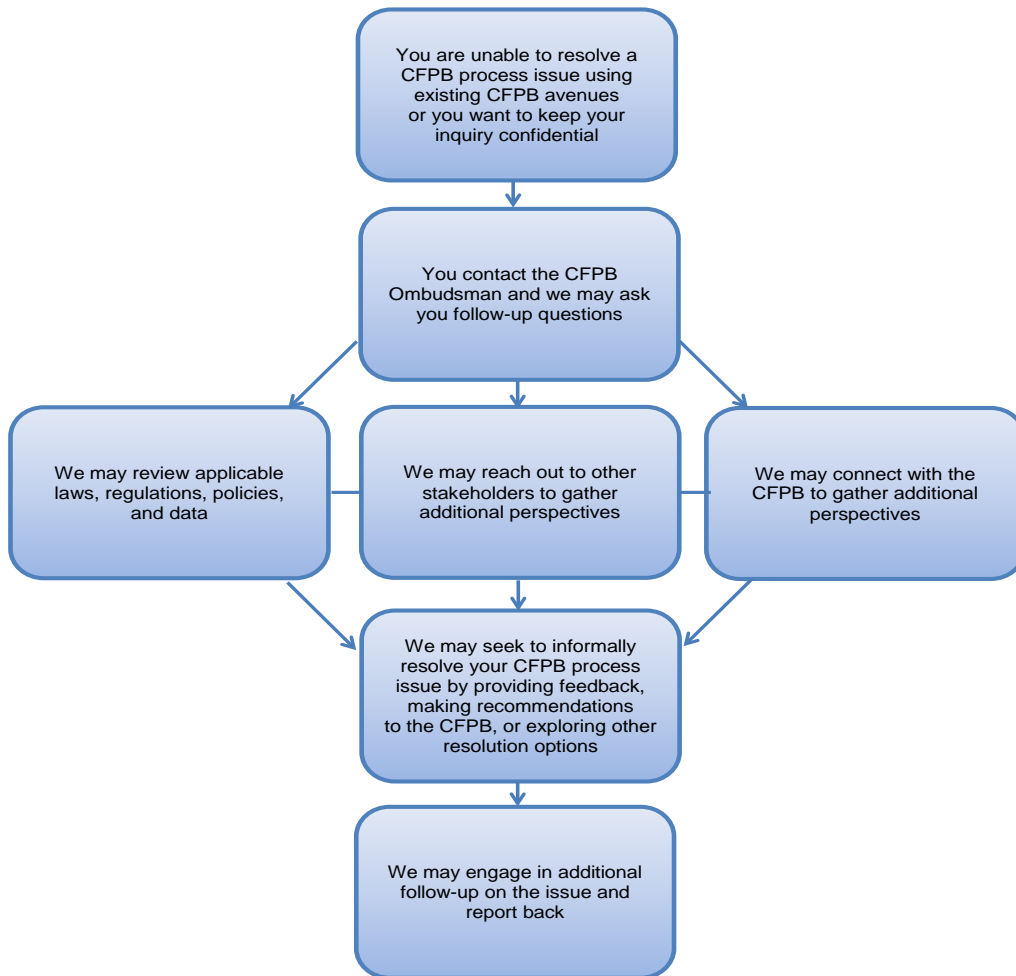
There are many other ways that people learn about the Ombudsman. For example, we have our own webpage (consumerfinance.gov/ombudsman), other government agencies refer people to us, some groups have a link to our office on their websites, the CFPB contact center refers people to us under certain circumstances, and CFPB staff offer the Ombudsman as a resource for assistance.

¹ In this report, "Ombudsman" refers to the Office, the staff, or the person.

When to Contact Us and What to Expect When You Do

The figure below describes what we do with a question, concern, or complaint to our office regarding a CFPB process.

FIGURE 1: THE CFPB OMBUDSMAN'S OFFICE: WHEN TO CONTACT US AND WHAT TO EXPECT WHEN YOU DO



The Ombudsman does not:

- Address matters in litigation or provide legal advice;
- Delay statutory, regulatory, or other CFPB deadlines;
- Make decisions or legal determinations for the CFPB;
- Serve as a formal office of legal notice for the CFPB; or,
- Address internal workforce issues

As shown in the figure above, the Ombudsman may seek to resolve an issue by providing feedback and making recommendations to the CFPB. To assist, we also can: facilitate discussions, brainstorm and evaluate options and resources, share independent analyses, offer an impartial perspective,² ensure confidentiality of someone's identity,³ and engage in shuttle diplomacy, among other options.

Inreach with the CFPB

We consistently connect throughout the CFPB with leadership of the divisions and offices as part of our inreach program. Our inreach meetings allow for regular engagement, so that we can promptly connect with the right Bureau contact to address a process issue, while also giving us the opportunity to maintain awareness about agency activities. In addition, in these meetings we provide regular informal feedback on perspectives we are hearing, offer feedback in conjunction with CFPB offices' proposed initiatives, and share recommendations. Figure 2 shows all of our inreach meetings this year, which include some new meetings added since our [FY2014 report](#).

² For example, the Ombudsman participates in some CFPB working groups in an advisory capacity by providing feedback as the Bureau considers initiatives and activities, but the Ombudsman is not part of the decision-making process.

³ We will not share your identifying information outside the Ombudsman's Office unless you tell us we can. We also may have to share it if there is: a threat of imminent risk of serious harm; you have raised an issue of government fraud, waste, or abuse; or if required by law.

FIGURE 2: REGULAR INREACH MEETINGS WITH THE CFPB, FY2015

Monthly Meetings

Director	Office of Consumer Response, Intake and Contact Center Operations
Deputy Director	
Chief of Staff	Office of Financial Institutions and Business Liaison
Office of Consumer Response, cross-office managerial leadership	Office of Intergovernmental Affairs

Bi-monthly Meetings

Executive Secretary	Office of Consumer Response, Service Design
Office of Consumer Response	
Office of Consumer Response, Investigations	Office of Older Americans
	Office of Financial Empowerment
	Office of Community Affairs

Quarterly Meetings

Operations Division	Legal Division
Division of Consumer Education and Engagement	Office of Minority and Women Inclusion
Division of Supervision, Enforcement, and Fair Lending	Office of Consumer Engagement
Research, Markets, and Regulations Division	Office of Enforcement
Division of External Affairs	Office of Supervision, Regional Directors
	Office of Mortgage Markets
	Office of Communications
	Consumer Advisory Boards and Councils

Note: We meet with other CFPB components on an as-needed basis.

Demonstrating the Ombudsman in Practice in FY2015

Below are some examples of the CFPB process issues shared with us this year that demonstrate how the Ombudsman worked in practice:

Ensuring Acknowledgement to Correspondence – This year, the Ombudsman heard the concern that some groups did not receive an acknowledgement in response to correspondence

addressed to the CFPB Office of the Director.⁴ We understand that the relevant agency subject matter offices sometimes were forwarded the correspondence to respond as they determined. For standardization, a few offices developed templates to acknowledge such letters. Since highlighting this issue, the Ombudsman understands that the CFPB will be centralizing this response function.

Suggesting Updated Communications on the Consumer Complaint Process – The Office of Consumer Response implemented procedural adjustments to the CFPB’s consumer complaint process in 2015. As Consumer Response implemented these adjustments, the Ombudsman reviewed the CFPB’s internal and external communications concerning the complaint process and made recommendations on updating consumer expectations and ensuring clarity for both internal and external stakeholders. Consumer Response updated the information provided to consumers to clarify the current consumer complaint process, and there are ongoing communications efforts within the CFPB to ensure that agency employees understand the process changes.

Identifying Issues with How the Public Interfaces with the CFPB – In FY2015, the Ombudsman shared feedback on issues pertaining to how the public interfaces with the CFPB. For example, the Ombudsman learned from individuals reaching us from abroad that the agency’s toll-free number for the CFPB contact center – (855) 411-CFPB (2372) – does not work for some people who happen to be abroad. The public uses the contact center as a way to submit consumer complaints, ask questions, provide feedback, and learn more about the CFPB. The Ombudsman provided that feedback to the CFPB for its operational considerations. From another individual inquiry, we learned that the word in the Korean language for “Korean” on consumerfinance.gov read “Korea.” After sharing this with the CFPB, the agency updated all of the relevant webpages to include the correct word.

Offering Observations and Feedback from Inreach Visit to the Contact Center – In April 2015, the Ombudsman visited one of the CFPB’s contact centers to further understand the perspective of the individuals assisting consumers each day and the feedback we hear from the

⁴ In our [FY2014 report](#), we shared a related concern regarding responses to consumer letters concerning the consumer complaint process, which the CFPB addressed.

individual consumers who reach the contact centers. During this year's visit, we listened-in on calls alongside some staff while they answered the calls and we conducted four focus groups with contact center staff serving in various roles. Following the visit, we shared feedback with the CFPB as the Bureau continues to review the resources provided to contact center staff to share with the public.

Highlighting Issues with Third Party Consumer Complaint Submissions – Through individual inquiries received this year, the Ombudsman learned that when third parties submit complaints online on behalf of multiple consumers and complete the submission forms incorrectly, the resulting complaints may have inconsistent information. As a result, the company that is the subject of the complaint may not recognize the consumer and/or the consumer may not be able to access the complaint. We highlighted this concern to the CFPB. As of this writing, we understand that the agency is beginning to address this issue and plans to update the form and instructions to address it further.

Informing about Multiple Profiles Occurrences and Their Impact – This year, the Ombudsman observed that some individuals had multiple profiles in the system the CFPB uses for consumer complaints. The CFPB creates a new profile the first time an individual reaches out to the Bureau, including at least one way to be contacted. If the individual reached out to the CFPB more than once, additional or different information may be provided to the agency sometimes resulting in more than one profile created for the person. As a result, it can be time consuming and sometimes challenging to navigate the system for the consumer as well as contact center staff. We shared these observations with the CFPB and understand that current efforts as well as other planned changes may address this issue.

Providing Feedback and Suggestions on Normalization of Data – In our [FY2014 Annual Report](#), we highlighted the concern from industry groups about the need for normalization of data in the public [Consumer Complaint Database](#) to provide context to the data and continued to hear this and related concerns in FY2015. This year, we provided feedback and suggestions to the CFPB regarding normalization of the data. The CFPB also offered a Request for Information process for the public to provide suggestions on how to normalize the data, with

responses due August 31, 2015.⁵ The Ombudsman looks forward to the Bureau’s review of the public submissions.

Suggesting Clarity Between the Supervision and Enforcement Processes – This year, we highlighted to the CFPB that companies may not understand some of the language in the examination report template regarding where the supervision and enforcement processes intersect. Specifically, the language stated that any corrective action “will be addressed separately from this report.” The CFPB considered the feedback and also provided the Ombudsman with further opportunity to comment on the draft language to be incorporated into the updated examination template. We understand that the updated template will include language indicating that corrective action will be addressed in the enforcement process, which should give companies more clarity as to what will happen next in the supervision and enforcement processes.

Facilitating Communication to Address Process Questions and Issues – In FY2015, we heard concerns about the routing of consumer complaints to certain types of companies as part of the consumer complaint process. In one circumstance, we used the tool of shuttle diplomacy to obtain some answers from the CFPB while keeping the identity of the inquirer in confidence. In another situation, we facilitated the resolution for the inquirer.

Highlighting Concerns Regarding Company Portal Communications – During the year, the Ombudsman received an inquiry about the communications companies receive to join the CFPB’s Company Portal, which is the interface companies use to respond to consumer complaints. For the CFPB’s consideration, the Ombudsman highlighted whether the language used was sufficiently clear and provided some suggestions.

⁵ “Request for Information Regarding the Consumer Complaint Database: Data Normalization,” [80 Fed. Reg. 37237](#) (June 30, 2015).

Ombudsman Forum

In FY2014, the Ombudsman anticipated launching a focus group program to provide another avenue for consumer, trade, and other groups to share feedback with this office. To build on that concept, we held the first Ombudsman's Forum on September 9, 2015, in Washington, D.C. We invited industry groups previously contacted through our outreach. Each group could bring two participants, one of which could be a company representative. For our half-day event, there were participants from 31 groups representing multiple industries that engage with the CFPB. We conducted the Forum in keeping with our tenets of independence, impartiality, and confidentiality, with the event closed to the press, the public, and CFPB staff.

Ombudsman staff led facilitated discussions, which allowed participants to share on several topics and offer recommendations to address some process concerns. We selected topics based on issues previously shared with the Ombudsman, including: regulatory compliance, the intersection of supervision and enforcement, field hearings, company responses to consumer complaints, research and studies, and the CFPB website and social media. Prior to the Forum, we met with CFPB divisions and offices on these issues, and we shared participants' feedback and recommendations, without attribution, afterwards with the CFPB.

The following is a summary of participants' feedback and some of their recommendations:

Regulatory Compliance

Prior to the Forum, some industry groups and companies sought more clarity as to companies' compliance obligations and a further understanding as to what CFPB compliance guidance is authoritative. In addition, they expressed a desire for additional information that would offer more clarity and certainty around regulatory compliance. Further, they shared that they look to consent orders and other enforcement activities to inform their understanding of CFPB's compliance activities.

In our Forum, participants shared some additional perspectives on this topic, highlighting that it appears that CFPB consent orders are intended as notice to industry about the direction of enforcement. At the same time, without accompanying guidance on general applicability, they

indicated that some companies do not know how to proceed. They shared that additional clarity would lead to better compliance. Participants also suggested that the CFPB: include additional context to the issues highlighted in the Supervisory Highlights publication; offer working groups that incorporate industry and consumer groups to inform practical solutions to process issues; and provide additional interpretative guidance on inherited regulations.

Intersection of Supervision and Enforcement

In FY2015, the Ombudsman heard from some stakeholders that they sought clarity as to when the supervision process ends and the enforcement process begins. During this Forum session, participants shared that it would be helpful to have more definition around the June 2013 [“Responsible Business Conduct”](#) bulletin and what activity constitutes responsible conduct. Some participants also expressed that after issuance of a Civil Investigative Demand (CID) that months can go by without a follow-up on the status of the action, which can affect companies’ ability to make various business decisions. In addition, participants shared that it appears that the CFPB includes certain information in press releases as guidance to companies when the participants think that should be in a separate guidance document.

At the same time, Forum participants offered suggestions to enhance clarity in this area. For example, they suggested it would be helpful to know how far back in time companies should report issues in conjunction with the “Responsible Business Conduct” bulletin. In addition, they suggested that information shared around Bureau actions provides an opportunity to highlight industry best practices instead of only describing the problems. They also indicated it would be useful for the CFPB to share how the agency ensures consistency across the regions with the examination process.

Field Hearings

In a Forum session on field hearings, the participants raised concerns about the structure, notice, and scope of the hearings. Some groups indicated that from their perspective the hearing format does not lend itself to constructive dialogue. Further, some groups remarked that additional notice of the field hearing date and location would make arranging travel and attendance easier and could keep travel costs down. Finally, the participants also highlighted that they did not receive hearing materials with enough time to review and prepare for the hearing.

Participants offered some suggestions on the field hearing process, such as: that the CFPB might hold public rulemaking events separate from the field hearings, similar to those held by other regulatory agencies; the release of a proposed rule might be separated from the field hearing to allow stakeholders to provide more informed input on the proposed rule at the hearing; additional notice of the hearing date and location would make attendance easier; and, earlier distribution of hearing materials to panelists would lead to better preparation and discussion at the hearing. A further discussion of this topic is in the Systemic Reviews section below.

Company Responses to Consumer Complaints

Regarding consumer complaints generally, some participants offered that the CFPB encourages consumers to submit consumer complaints, but does not suggest that the consumer first try to resolve the issue with the company. Participants also shared concerns about usage of the company response categories used to answer consumer complaints and their impact on industry. For example, participants shared that a duplicate complaint, as currently defined, must be word for word from a previous consumer submission. They also highlighted that the company response category “Closed with Explanation” is a broad category that they use for many scenarios.

Participants offered some suggestions including: that it may be useful to have an option to efficiently address complaints when the company is not in a position to assist the consumer; it would be helpful to further refine the substantive categories such as “Closed with Explanation;” and the definition the CFPB requires companies to use to designate a consumer complaint as a duplicate should be defined as the “same person, same transaction, same issue.” A further discussion of this topic is in the Systemic Reviews section below.

Studies and Research

Participants on this topic described an ongoing concern that research conclusions drawn from confidential data gathered during examinations do not allow for peer review. They suggested that the CFPB consider providing consolidated data from the Office of Supervision in a manner that would not identify specific companies, thus allowing for peer review.

Also, they expressed concern that there is not much opportunity to provide feedback on the methodology used for some of the CFPB’s research and studies. As such, if groups and others share feedback on research methodology, they provide it at the completion of the study or

research. With this in mind, they suggested that the Bureau provide an opportunity for the public to comment on the methodology for research and studies at the outset of the study.

CFPB Website and Social Media

Forum participants also offered their observations regarding consumerfinance.gov and social media. For example, they shared that there is no mechanism to sign up for updates to the blog and that is the one place on the site where they find CFPB announcements on topics such as field hearings. As a result, some participants highlighted that they do not learn of Bureau events until shortly before they occur. They recommended that the CFPB provide an opportunity to receive notifications of new blog posts.⁶ At the same time, they also highlighted that a blog post may be adequate for general information release, but not for big announcements.

Next CFPB Ombudsman Events

We received positive feedback after our first Forum both from participants and the CFPB offices with which we shared participants' unattributed observations and recommendations. Next, we are planning for a similar type of Forum event with consumer groups. We also are considering the cadence with which to do other such future events.

⁶ The CFPB's testing website at beta.consumerfinance.gov does now provide an opportunity to sign up for a newsletter which includes notification of new blog posts. We understand the CFPB will not be adding this notification to consumerfinance.gov until the new website launch.

Analyzing Individual Inquiries to the Ombudsman

The Ombudsman received 1,166 individual inquiries⁷ in FY2015, virtually the same as the 1,133 received in FY2014. Of those totals, consumers accounted for 821 inquiries in FY2015 and 871 in FY2014. At the same time, there was a 32 percent⁸ increase from FY2014 in the number of non-consumer inquiries (including from attorneys, representatives, and third parties; parties not authorized to receive information concerning a consumer complaint; financial entities, businesspersons, consumer and trade groups; and local, state, and federal government as well as Congressional offices) accounting for the increase in the overall total.⁹

Continuing a trend that began in FY2014, the Ombudsman received fewer complaints and an increase in questions among the inquiries received in FY2015. Overall, 53 percent of the inquiries were questions (up from 41 percent in FY2014), and 24 percent of inquiries were complaints (down from 36 percent in FY2014). The remainder of the inquiries consisted of courtesy copies to the Ombudsman (11 percent), topics of concern (9 percent), feedback on CFPB and non-CFPB topics (just over 2 percent), and referrals from other entities (just under 2 percent).

The public can reach the Ombudsman by email (CFPBOmbudsman@cfpb.gov), toll-free number (855) 830-7880 or with a U.S. area code (202) 435-7880, TTY (202) 435-9835, or fax (202) 435-7888. The Ombudsman also occasionally receives letters sent to its offices at the CFPB's

⁷ Individual inquiries do not include Ombudsman outreach and the broader issues received in connection with such outreach.

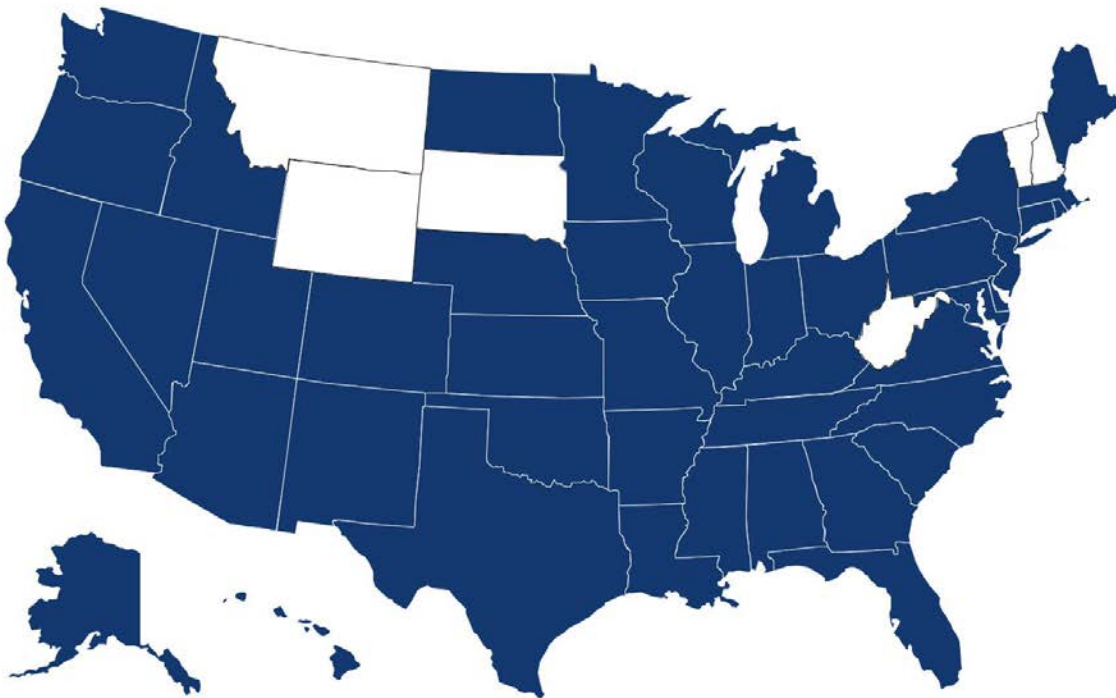
⁸ All percentages in this report are rounded up to the nearest whole number if 0.5 or greater, or rounded down if less than 0.5 except where adding a decimal place is of explanatory value.

⁹ The comparable calculation, which we did not provide in our [FY2014 Annual Report](#), for FY2013 to FY2014 is 29 percent.

Washington, D.C., mailing address. In FY2015, the first contact to the Ombudsman by email or the telephone each accounted for approximately 48 percent of inquiries. This is the second straight year that first contacts by email increased while those by telephone decreased. In FY2014, we had 41 percent of inquirers first contact us by email and 53 percent by telephone, while in FY2013 the split was 24 percent email and 73 percent on the telephone.

In FY2015, web users from all 50 states viewed the Ombudsman website at consumerfinance.gov/ombudsman at some point during the year. Inquirers contacted the Ombudsman from 44 states and the District of Columbia, as shown in Figure 3 below, as well as from Puerto Rico and other countries.

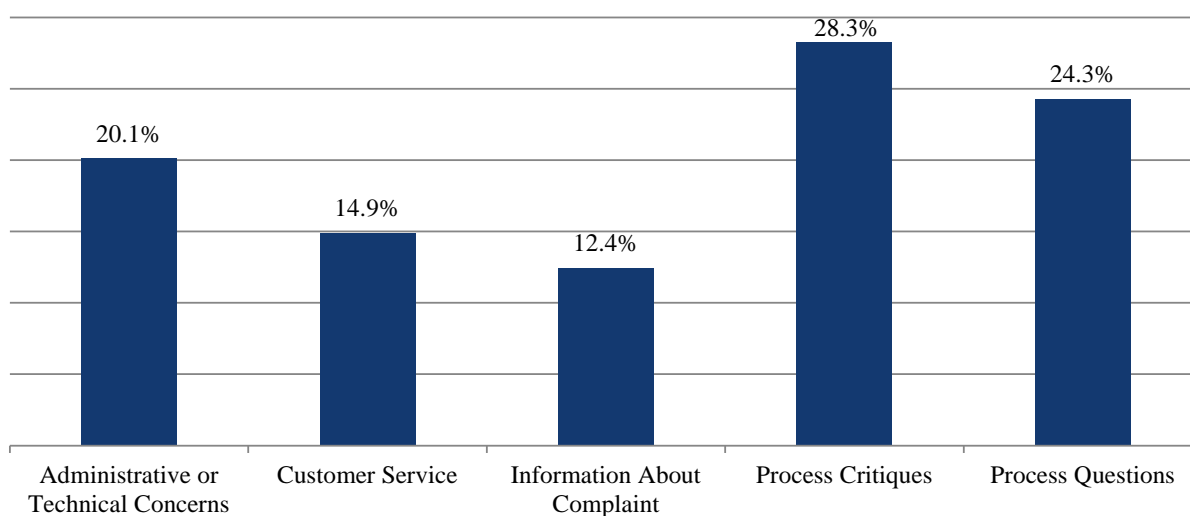
FIGURE 3: STATES FROM WHICH INQUIRERS REACHED THE OMBUDSMAN, FY2015



Individual Inquiries about the Consumer Complaint Process

Figure 4 below provides information on the kinds of issues we received this year regarding the consumer complaint process. Slightly over half of the inquiries concerned either a question about the type of process a complaint would receive or a critique about the process. “Process Questions” include inquiries seeking clarification on the complaint process or some aspect of the process while “Process Critiques” encompass feedback provided about the complaint process, including prescribed timeframes and dissatisfaction with the closure or outcome of the complaint process. “Administrative or Technical Concerns” accounted for about 20 percent and most commonly included difficulties with portal access to review the consumer complaint, the existence of multiple profiles for the same consumer in the Office of Consumer Response’s system, and concerns about complaint intake accuracy. “Customer Service” concerns were approximately 15 percent and refer primarily to communications or interpersonal issues experienced when interacting with the CFPB. Finally, “Information about Complaint” represented about 12 percent, including instances where the inquirer wanted additional information about the consumer complaint such as complaint status.

FIGURE 4: INDIVIDUAL INQUIRIES ABOUT THE CONSUMER COMPLAINT PROCESS, FY2015



For product type, in FY2015, as in both FY2014 and FY2013, mortgages (45 percent in FY2015) were the financial product most commonly underpinning consumer complaint related inquiries to the Ombudsman. These products were followed by credit products, a category including credit cards and non-mortgage lending (26 percent), deposit products (11 percent), credit

reporting (8 percent), and debt collection (4 percent). Other products underpinned approximately 6 percent of the inquiries.

Individual Inquiries from Industry

The individual inquiries we received pertaining to industry were on several different topics this year. For example, we heard concerns about the company response options available to respond to consumer complaints. We also received concerns on how the enforcement process intersects with supervision as well as the newly implemented rules. A few inquiries regarded communications where the inquirer had not received a response from the CFPB. Additionally, we received questions on the consumer complaint process, particularly the routing of complaints to certain types of companies and the communications companies receive to join the Company Portal to respond to the complaints. We discuss some of these issues further in other parts of this document.

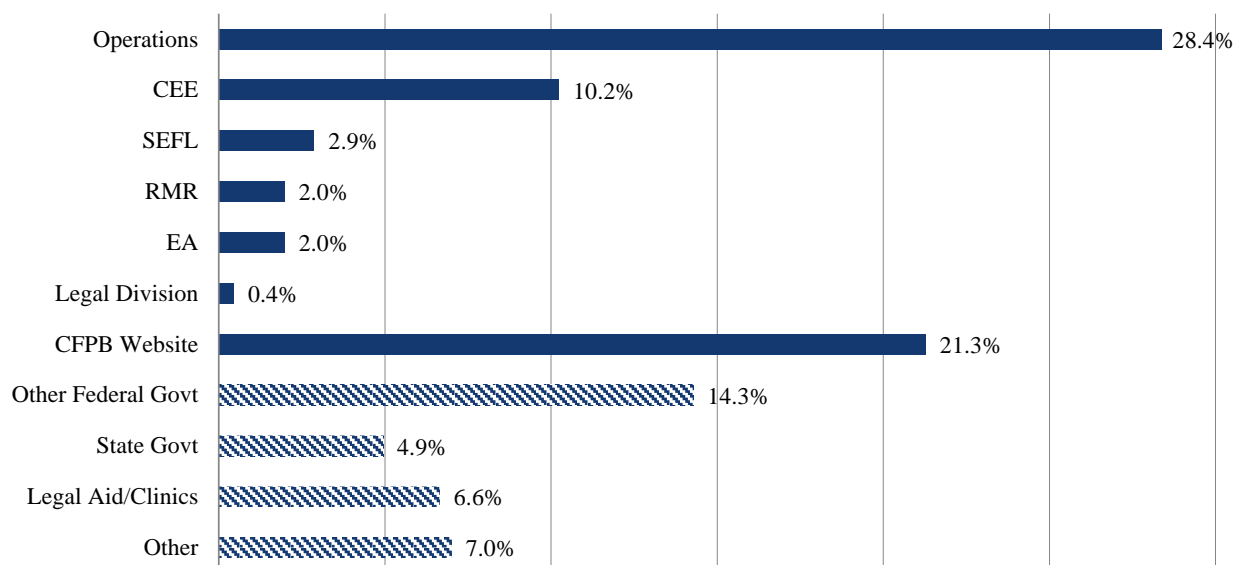
Providing Useful Resources

The Ombudsman tracks issues raised in inquiries received to highlight trends, provide feedback, and make recommendations to the CFPB. For many inquiries, the Ombudsman provides other resources to further assist the inquirer. For example, a consumer may benefit from reviewing one of the [AskCFPB](#) questions on consumerfinance.gov. We may also suggest a company official contact the [Office of Regulations email box](#) with a regulatory question, if the person has not tried that avenue.¹⁰ In addition, we ask consumers to contact Consumer Response, within the Operations Division, if they have not yet submitted a consumer complaint with the CFPB or if their consumer complaint still is in progress. In some circumstances, a resource outside of the CFPB or the federal government might be helpful to the inquirer.

The Ombudsman provided 1,114 resources to inquirers in FY2015 and Figure 5 shows the breakdown of these resources.

¹⁰ The Office of Regulations does not answer questions of regulatory interpretation for consumers and refers consumers to the contact center for assistance, (855) 411-CFPB (2372).

FIGURE 5: DESTINATION OF ISSUES RE-DIRECTED TO FURTHER ASSIST THE INQUIRER¹¹



As shown in the figure above, in addition to a number of CFPB resources, the Ombudsman also provides inquirers with resources from other parts of the federal government, including ombudsman resources at other federal agencies, links to [U.S. Housing and Urban Development housing counselor information](#), and contact points for the [Federal Trade Commission](#) as well as other federal financial regulators. Resources provided from state government often include attorneys general, consumer protection divisions, and law enforcement.

¹¹ Solid-colored bars represent resources within the CFPB. “Operations” refers to CFPB’s Operations Division, which includes, among resources most commonly provided by the Ombudsman, the Office of Consumer Response; “CEE” to CFPB’s Consumer Education and Engagement Division, which includes the Offices of Older Americans, Servicemember Affairs, and Students; “SEFL” to CFPB’s Supervision, Enforcement, and Fair Lending Division; “RMR” to CFPB’s Research, Markets, and Regulations Division; and “EA” to CFPB’s External Affairs Division, which includes the Offices of Communications, Community Affairs, and Financial Institutions and Business Liaison.

Systemic Reviews – Focus for FY2015

In addition to individual inquiries, the Ombudsman reviews systemic issues that may be affecting consumers or financial entities nationwide, in a particular region, or with a certain process. We decide to review topics as systemic issues to see if we may have helpful recommendations or feedback to share with the CFPB. The Ombudsman recommendations may be: also suggested by others, but not implemented; ideas shared with the Ombudsman as we explored an issue; or, the Ombudsman's ideas of how to address an issue. The objective is to resolve the issue, but sometimes there are other possible solutions that also may work to reach the same result and we welcome implementation of those ideas. In FY2015 the Ombudsman reviewed three issues as systemic issues, as described below.

CFPB Consent Orders and Corresponding Press Releases: Comparing the Language Used

As described in our [FY2014 Annual Report](#), last year some trade groups and companies shared concerns with the Ombudsman's Office about perceived differences in language used in consent orders as compared with their corresponding press releases. The interest in this topic continued in FY2015. In studying this issue, the Ombudsman's Office reviewed the consent orders with their corresponding press releases for the last quarter of FY2014 (July 1, 2014-September 30, 2014) and the first quarter of FY2015 (October 1, 2014-December 31, 2014) and met with the relevant CFPB offices.

As described in our [July 2015 Mid-Year Update](#), from this review we concluded that CFPB press releases generally do reflect the language in the consent orders. In the period reviewed, the press releases did use many of the same words contained in the consent orders. At the same time, we identified three issues for the CFPB to consider when developing new press releases:

Does the CFPB share the same type of information across companies? – In describing whether a company ended a certain practice during our review period, in some instances consent orders shared that a company practice ended, but the press release did not reflect that information. While there may be reasons for including or not including that information in the press release, it may be unclear to the reader. In addition, in the period reviewed, some press releases included specific information about company operations and some did not. Also, some of that company information shared in the press releases was in the consent orders and some was not. These distinctions across company descriptions also may be unclear to the reader.

Do press releases contain legal terminology that is not in consent orders? – In the period reviewed, there were some words with legal meanings or interpretations in the press releases that were not in the consent orders. These words also have meanings outside their legal context. The press releases may include the words in an attempt to use plain language to assist the public in understanding the issues. At the same time, because the words also may be construed to have legal meanings or interpretations, they may result in some readers misunderstanding the nature of the activity, which could impact the company.

Is there phrasing that may make certain topics seem more significant than they otherwise might? – In the period reviewed, there was some summarization in the press releases that resulted in certain factual elements seeming more important than they otherwise might, even if factually correct. For example, there were circumstances where the press release highlighted that a problematic document was from a particular date, but did not specify that it was no longer in use as shared in the consent order. In another situation, the press release described a circumstance with a minimum percentage value and the consent order pinpointed an exact percentage.

Since the Ombudsman shared feedback with the CFPB in the spring of this year, we understand that the Bureau has considered the issues we highlighted in developing new press releases that accompany consent orders. To follow-up on our previous work, the Ombudsman reviewed CFPB consent orders and their accompanying press releases for May-September, 2015. For the more recent press releases, the language used generally was again the same as in the corresponding consent orders. While the May-September press releases still do have instances of each of the three issues we previously highlighted, there is a noticeable improvement from what we observed in the earlier time period.

The Ombudsman appreciates the CFPB continuing to consider these issues in developing press releases and, at this time, we consider this review closed.

CFPB Field Hearings: Feedback on the Process

The CFPB regularly conducts public events around the country known as field hearings. These events often coincide with the Bureau's announcement of a proposed regulation or report, include remarks from a panel of CFPB leadership and representatives from both consumer and industry focused organizations, and offer the opportunity for audience members to provide testimony.

Over time, the Ombudsman received feedback from some industry groups that these events appear to be primarily designed to share a proposed regulation or report. We also heard the concern that panelists do not have enough advance notice of the document to be released to address it at the hearing. Others shared that the structure of the field hearings limits substantive discussion and interaction between panelists. Lastly, groups questioned how the CFPB would use feedback shared at a hearing when the CFPB already released the proposed regulation or report.

To understand this issue further and provide possible feedback to the CFPB, the Ombudsman met with Bureau offices involved in many of the field hearings, attended CFPB field hearings, attended public events conducted by other federal agencies, researched laws and regulations governing public events both at the CFPB and government-wide, met with consumer and industry group representatives who participated in or attended CFPB field hearings, and facilitated a discussion on this topic at the Ombudsman Forum.

About CFPB Field Hearings

The CFPB organizes field hearings across the country in cities of all sizes, opens them to the public and media, and streams them live on its website with the video later posted on consumerfinance.gov. The Bureau announces the date, time, location, and topic of field hearings via the [CFPB blog](#) about two weeks in advance. The CFPB often releases a proposed regulation or report concerning the hearing topic in the early morning on the day of the event.

After opening speeches, three to four representatives each from consumer and industry focused organizations have the opportunity to make statements and then field questions from CFPB leaders. They receive the questions ahead of the hearing to allow for the preparation of a response. Following the panel, audience members may provide statements.

On the day of the hearing, the CFPB also often holds separate roundtables with community groups, community banks, credit unions, and government representatives from the region. Roundtable attendees may raise any topic, not only matters related to the field hearing topic. Additional roundtables may be held on the hearing date or subsequently with leaders in the industry impacted by the proposed regulation or report. CFPB leadership attends the roundtables.

Field Hearing Objectives

We understand from the CFPB that field hearings are intended to foster equal participation from consumer and industry groups as well as the public in Bureau activities, to obtain feedback in different regions of the country on the Bureau's work, and to share the work of the CFPB. By connecting with stakeholders outside of Washington, D.C., the Bureau shared that the field hearings give individuals and groups the chance to provide context and additional insights to CFPB policymakers.

In addition to field hearings, the CFPB provides feedback opportunities through the public notice and comment process, roundtable discussions, *ex parte* presentations,¹² and other formal and informal channels.

Observations on Other Agency Models

We attended other federal agencies' events and webinars and chose those events due to their similar purpose to CFPB's field hearings or because of the other agency's mission. These agencies held events due to a regulatory requirement, to consider specific studies or reports

¹² The Bureau provides more information about *ex parte* presentations at this link: <http://www.consumerfinance.gov/blog/promoting-openness-in-cfpb-rulemaking/>

ordered by Congress, or to hear feedback on their priorities or initiatives. Some agencies conducted online listening sessions or town hall-style webinars, with stakeholders and members of the public submitting questions or topics of concern directly to agency staff for an immediate response. Others provided the opportunity for the audience to submit questions ahead of time and for panelists to exchange ideas during the session.

External Stakeholder Perspectives

In our meetings with consumer and industry groups, both groups recognized the Bureau's efforts in the past year to provide a minimum of 14 days' notice of the date and location of field hearings.¹³ At the same time, they indicated that coordinating air travel and logistics within that timeframe is still costly. A number of these groups requested that additional notice of at least the city and topic would be useful to determine who would be attending and to allow for air travel arrangements. They also indicated that more lead time would be helpful to review the proposals or reports prior to the hearing. In addition, some panelists indicated that the lack of certainty of when they would receive the proposal or report created challenges in planning and preparation in the 24 hours prior to the hearing.

Some consumer groups indicated that they would like more time to speak on the hearing panels, but recognized that the CFPB has to balance competing priorities within the limited time for the event and so generally were satisfied with the hearing format. These groups also appreciated the CFPB's efforts to obtain feedback from consumers around the country by scheduling the hearings in a variety of locations and ensuring the attendance of CFPB leadership.

Some industry groups shared a view we also had heard prior to doing this study, that they were increasingly reluctant to have their members serve as field hearing panelists under the current format because it does not allow for constructive exchange. At the same time, some industry groups sought more opportunities for public feedback to the CFPB, particularly in a setting not focused on the release of a specific proposal or report. These and other stakeholders also

¹³ In FY2013, the Ombudsman recommended that the CFPB provide more consistent and greater lead time when announcing events. As shared last year, in FY2014 the CFPB consistently provided just under 14 days' notice prior to public events.

suggested that separate public events, similar to those held by other regulatory agencies, should be held earlier in the rulemaking process to allow for general input.

The Ombudsman recently provided this feedback to the CFPB for its consideration.

The Public Consumer Complaint Database: Defining Company Response Options

In the second half of FY2015, we heard concerns from industry groups and companies regarding the response categories that companies use to respond to consumer complaints. In reviewing these concerns further, we considered both the use of these categories as well as the information that users of the [Consumer Complaint Database](#) have as they draw conclusions that may inform the marketplace and, in turn, impact consumers.

To study this issue, we met with the relevant CFPB offices, reviewed the history and development of the company response categories, examined the CFPB reference materials provided to companies on how to answer consumer complaints, studied the explanatory information the CFPB provides to Consumer Complaint Database users on consumerfinance.gov, met with industry stakeholders to discuss the usage of company responses, and facilitated a discussion on company responses to consumer complaints at our recent Ombudsman Forum.

Duplicates

The Office of Consumer Response shares on the Consumer Complaint Database webpage that the CFPB and companies will prevent publication of duplicate complaints in the Database.¹⁴ While Consumer Response continues to confirm identification of duplicates, we understand that in recent months companies are now primarily responsible for such identification. The Company Portal Manual that companies are to follow when responding to a consumer complaint defines a duplicate as “a verbatim copy of a complaint to which your company has

¹⁴ “Disclosure of Consumer Complaint Data,” [78 Fed. Reg. 21218](#) (Apr. 10, 2013).

responded [to] via the Portal.” At the same time, users of the Consumer Complaint Database do not have this definition in the information shared with them on consumerfinance.gov.

Over time, we have reviewed inquiries to the Ombudsman’s Office where the consumer submitted multiple consumer complaints to the CFPB on the same transaction, regarding the same company, and on the same issue, yet the consumer shared no new information with each submission. The consumers’ wording was not exact or word for word in those complaints and thus would not meet Consumer Response’s definition of a verbatim copy, but the complaints were essentially on the same issue. In our recent Ombudsman Forum, companies shared that when they marked consumer complaints such as these as duplicates, Consumer Response returned the complaints to the company for a response, in keeping with the verbatim definition.

To further clarify what is contained in the public Database, we recommended that Consumer Response provide an updated definition to companies for a duplicate that is not a verbatim copy. For example, in our Ombudsman Forum, participants suggested that the definition should include “the same person, same transaction, and same issue.” In the alternative, we recommended that Consumer Response share the existing verbatim definition of a duplicate on the Consumer Complaint Database webpage so Database users can adjust their calculations and analyses accordingly.

Substantive and Administrative Company Response Categories

In feedback to the Ombudsman, some trade groups and companies shared they were not aware of the distinctions between substantive and administrative response categories used to respond to consumer complaints. Specifically, some were not aware that selection of an administrative response category such as “Incorrect Company,” if Consumer Response approves the company’s selection, means the consumer complaint will not be published in the public Consumer Complaint Database. At the same time, some companies shared, for example, that they used a substantive response such as “Closed with Explanation” along with an explanation that the company was not the correct company rather than “Incorrect Company.” Those consumer complaints with a substantive response are published in the public Database.

Some passages of the explanatory information provided to companies concerning response options do distinguish between administrative and substantive responses, but do not mention the public Consumer Complaint Database. In the Company Portal used by companies to respond

to consumer complaints, the response options are listed in one drop down tab without differentiation as to whether the response is a substantive or administrative response.

As Consumer Response considers the substantive and administrative response definitions, in conjunction with that office's survey results on company use of the Company Portal, the Ombudsman recommended the office also provides clarification to companies on how selection of the different responses determines if consumer complaints are published. Overall clarity on the usage of the categories may help ensure that the public Consumer Complaint Database contains data that most accurately reflects what Consumer Response receives.

Closed with Explanation

Companies currently have four substantive response categories, which Consumer Response has refined over time, to respond to consumer complaints, including: "Closed with Monetary Relief," "Closed with Nonmonetary Relief," "Closed with Explanation," and "Closed." These responses are for the consumer, but they also are shared in the Consumer Complaint Database. For FY2015, the Consumer Complaint Database has data showing that companies used the "Closed with Explanation" response in nearly 80 percent of the company responses.¹⁵ In feedback shared with the Ombudsman, some trade groups and companies highlighted that companies use the "Closed with Explanation" category as a catchall, such as when a company is taking an action required by law or to just share information with the consumer. Some companies also indicated that they use the "Closed with Explanation" response option as they were not aware that an administrative selection may be the better option.

In March 2015, Consumer Response provided a new opportunity for consumers to post their complaint narratives and for companies to use one of nine optional public responses to respond. These public response options do include the opportunity to share further on some of the same concerns mentioned above, such as when a company takes action required by law or another company is responsible for the situation highlighted. For April-September, 2015, approximately 42 percent of consumer complaints in the Consumer Complaint Database had the "Closed with

¹⁵ The Ombudsman extracted this and other data in this section from the [Consumer Complaint Database](#) on October 13, 2015.

Explanation” response where the company also included an optional public response. Of those, the Consumer Complaint Database shows “Company chooses not to provide a public response” in approximately 71 percent.

The factors described above, including the high usage of the “Closed with Explanation” and “Company chooses not to provide a public response” categories, the concern from stakeholders about the broad use of “Closed with Explanation,” and the need for further differentiation between the administrative and substantive response categories, suggest that users of the Consumer Complaint Database may not have all of the information necessary for their analyses. As such, the Ombudsman recommended that Consumer Response study the usage of the administrative and substantive response categories, together with the optional public response options, so that users of the Consumer Complaint Database have the most informative data to review.

The Ombudsman provided Consumer Response with these three recommendations just after the close of FY2015, so we will provide an update in our next report.

Systemic Reviews – Updates on Previous Reviews

This section provides updates on previous reviews from FY2013 and FY2014.

CFPB Public Actions and Redress: Information Sharing with Consumers

In FY2014, consumers contacted the Ombudsman’s Office seeking information concerning their eligibility for a payout or amount of a payout from CFPB public actions – settlements or judgments arising out of the activities of CFPB’s Division of Supervision, Enforcement, and Fair Lending. The CFPB disseminates information about public actions via press release, its website, its telephone contact center, third-party administrators (for callers to the administrator), and, in some cases, letters to consumers. However, consumers contacting the Ombudsman indicated that they found it difficult to find this information on CFPB’s website, that they could not find this information at all, or that the CFPB’s contact center did not have the information to provide.

The Ombudsman’s Office researched this issue by meeting with personnel in the relevant CFPB divisions and offices, including conducting focus groups with contact center staff. We also reviewed sample letters sent to consumers by the CFPB and met with both similarly situated employees at other agencies and a third-party settlement administrator.

Last year, the Ombudsman recommended that the CFPB standardize informational documents provided to the contact center to assist contact center staff in locating information quickly, that it find ways to make information easier to find for consumers on consumerfinance.gov, and that the Bureau ensure closer harmony between information available via the contact center and information available on consumerfinance.gov.

The CFPB was working on implementation of these recommendations as we finalized our [FY2014 report](#) and took further steps to do so throughout FY2015. Based on our review of information provided to the contact center concerning CFPB actions in 2015, the CFPB has

standardized the order in which frequently requested information – including the reason for the action, common questions for which no answer is currently available, number of consumers impacted, the relief obtained by the CFPB, and payout and eligibility information – is presented to contact center staff. In our April 2015 visit to a CFPB contact center, staff there indicated that their concerns about the easy accessibility of this information were addressed.

Additionally, it is our understanding that the CFPB is in the process of creating a single “Payments to Harmed Consumers” destination on consumerfinance.gov. The Bureau plans to link this page from the primary page for the Office of Enforcement and it will contain all information concerning public actions, including descriptions of the different kinds of redress, how redress is implemented, and the mechanics surrounding the CFPB’s Civil Penalty Fund (CPF). The CPF section additionally will include CPF-specific information concerning victim identification and the rules governing CPF disbursements for financial education and literacy programs. A testing version of this site is currently available at the CFPB’s testing website at beta.consumerfinance.gov.

Finally, in FY2015 the CFPB harmonized information between its website and the contact center’s knowledge base, but the availability of information on each resource still does vary depending on the circumstances of the public action. In many cases, the contact center’s knowledge base contains basic information for staff to provide to consumers and then recommends that a consumer consult the [Newsroom](#) section of the CFPB website for more detailed information.

The Ombudsman considers these recommendations closed.

Perspectives on Industry: How the CFPB Learns about Developments in Industry

In FY2014, the Ombudsman’s Office received feedback from some financial entities and trade groups that CFPB staff may benefit from further understanding of their products and services or developments in their industries. At the same time, they did not always know the appropriate CFPB division, office, or person to contact, or, once they did provide the information, whether it was shared internally with others who also needed the information.

From the Ombudsman’s review and what stakeholders shared, it was evident that some financial entities and trade groups knew who to contact on certain issues from previous contacts or regular connection with the CFPB. At the same time, we learned that others that connect in less frequently did not always know who to contact, particularly after CFPB personnel changes. With that in mind, [on page 17 of last year’s Annual Report](#) we shared CFPB connection points for external stakeholders to highlight an issue or concern. The Office of Financial Institutions and Business Liaison, for example, is responsible for managing the Bureau’s relationships with financial entities, businesses, and industry groups. It coordinates Bureau engagements with those stakeholders and identifies appropriate contacts across the CFPB, as well as highlights to the CFPB broader issues of concern from industry.

The Ombudsman ultimately did not make recommendations to the CFPB, as the Bureau already had efforts underway to address some of the concerns we heard from financial entities and trade groups. Instead, to further inform the CFPB’s work, the Ombudsman provided CFPB leaders with unattributed feedback and insights that we heard from internal and external stakeholders on this topic.

Some of the CFPB’s activities over the last year may further address the previous concerns shared. For example, the Office of Financial Institutions and Business Liaison is following-up on the cross-Bureau meetings it coordinates with industry by consistently sharing information from such meetings across the Bureau. In addition, at the Ombudsman’s suggestion, the CFPB standardized the reference to “stakeholders” in its updated competencies for managers so that industry would be included in all such relevant references. Finally, the Bureau developed an updated “Contact Us” page, now viewable on the testing version of its updated website at beta.consumerfinance.gov, which should facilitate knowing what part of the CFPB to contact.

The Ombudsman considers this review closed.

CFPB Activities, Events, and Services: How the CFPB Shares Information

In FY2013, the Ombudsman’s Office received feedback from some consumer and trade groups, as well as financial entities, regarding how the CFPB shared information about Bureau activities, events, and services. These stakeholders indicated that it would be helpful if the CFPB

standardized certain processes regarding how the Bureau shares this information. Much of this feedback centered around three areas: the challenge of keeping up-to-date with CFPB activity; the amount of lead time provided when announcing CFPB public events; and a lack of clarity regarding the process to request a CFPB speaker.

The Ombudsman made a number of recommendations in our [FY2013 Annual Report](#) to address these concerns. First, regarding information availability, we recommended: the addition of a digest to all updates to consumerfinance.gov, a single location with a checklist for users to subscribe to all available CFPB online “sign-ups,” and an option for stakeholders to sign up to receive the External Affairs Division’s newsletter. To address concerns related to public event information, the Ombudsman recommended: more consistent and greater lead time when announcing events, creation of an events calendar on the CFPB website, and creation of a “sign-up” to be notified when updates were made to that events calendar. Finally, with regard to speaker requests, the Ombudsman recommended that the CFPB: provide basic information about the speaker request process on its website, and post either a speaker request form or detailed instructions on how to make a request on its website.

In FY2014, the CFPB increased the average notice provided for public events to about 14 days, and, at the time of the [FY2014 Annual Report](#), was in the process of implementing the remaining recommendations. In FY2015, the CFPB continued to move towards implementation of the recommendations, many of which we understand will go live in FY2016 and now are viewable on the testing version of the website at beta.consumerfinance.gov. These include: a digest of all updates to consumerfinance.gov sortable by topic and date; an events calendar; a sign-up to receive CFPB event updates; an archive of old event announcements; and a “Request a Speaker” webpage which includes instructions on how to request a speaker, information about what to expect in the request process, and a link to the speaker request email address invitations2cfpb@cfpb.gov. In addition, once someone requests a speaker, the CFPB now sends the requester a form to fill out to standardize that process.

The CFPB is considering implementation of the remaining two items, including a single location with a checklist for users to subscribe to all available CFPB online “sign-ups” and the sign-up for the External Affairs Newsletter. The Ombudsman will continue to monitor these two items, but considers this topic closed.

Going Forward

In FY2016, we will continue to assist on individual inquiries that consumers, financial entities, consumer groups, trade groups, and others have regarding their CFPB interactions. We again will review broader systemic issues, providing feedback and recommendations to the CFPB, as well as consider creative ways to assist both the people who reach us and the CFPB in our unique role as an independent, impartial, and confidential resource.

To build on our Ombudsman Forum concept, in FY2016 we anticipate holding an event for consumer groups to further inform our work as we provide feedback and recommendations to the Bureau. At the same time, we are considering the cadence with which to do similar events in the future. We also will be developing a new set of outreach materials to share further about our resource and will be exploring additional ways to share how we can assist.

Finally, our recently developed strategic plan will help guide us for the next few years and it centers around four goals: standardizing the message of how we can serve as a resource, developing our next phase of inreach and outreach, optimizing our deliverables with the assistance of innovative techniques and technology, and expanding our knowledge base to further assist those who contact us.

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Why is there a CFPB Ombudsman? An ombudsman provides an alternate, informal way to resolve issues. Many organizations, both government and private, have an ombudsman. The CFPB Ombudsman's Office was established by the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act), which created the CFPB.

Independence We are outside of the CFPB's business lines, reporting to the Deputy Director with access to the Director, which ensures our independence at the CFPB.

Impartiality We do not advocate for one side, but instead for a fair process.

Confidentiality We have put safeguards in place to preserve confidentiality. We will not share your identifying information outside the Ombudsman's Office unless you tell us we can. We also may have to share it if there is: a threat of imminent risk of serious harm; you have raised an issue of government fraud, waste, or abuse; or if required by law.

Why should I contact the Ombudsman? We can assist in informally resolving process issues by: facilitating discussions, brainstorming and evaluating options and resources, sharing independent analyses, offering an impartial perspective, ensuring confidentiality of someone's identity, engaging in shuttle diplomacy, and providing recommendations, among other options.

When should I contact the Ombudsman? Try us, when you have not had success with existing CFPB processes to address your process concerns, or because you want to keep your concerns confidential. You are welcome to contact the Ombudsman at any time, but we ask you to try the existing CFPB avenues for resolution first.

Can we meet again? Stakeholders who previously connected with our office are welcome to re-connect to share further feedback.