

# 2016 Annual Report to the Director

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Advocating for Fair Process in Consumer Financial Protection



OMBUDSMAN'S  
OFFICE

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# Message

I am pleased to present our FY2016 annual report to the Director of the Consumer Financial Protection Bureau, pursuant to the CFPB Ombudsman's Office Charter.

In December, we will celebrate the fifth anniversary of the CFPB Ombudsman's Office. In those five years, we stood up a new office adhering to the foundational ombudsman tenets of independence, impartiality, and confidentiality. We created inreach (internal engagement) and outreach programs, adding new concepts each year, such as our Ombudsman Forum, to engage with our stakeholders both inside and outside the CFPB. We adopted a holistic approach to each inquiry, getting the people who reached us to the right resource for assistance. In total, we assisted consumers, financial entities, consumer groups, trade groups, and others in resolving individual inquiries as well as provided feedback and recommendations on broader systemic issues to assist both the Bureau and those people and entities engaging with it. This work continued in full force in FY2016.

This year also marked five years of our active participation in the broader ombudsman profession. We held leadership positions in the federal interagency group the Coalition of Federal Ombudsmen, published articles about the federal ombudsman, and our office was selected as a case study for the Administrative Conference of the United States' broader study on the role of the federal ombudsman.

This FY2016 report highlights new inreach and outreach initiatives, additional materials we will use to share about our resource, how we can assist, how we connect with our stakeholders, and our initiative to define ombudsman terminology. Our report again includes an Ombudsman in Practice section, but separates it into two segments to describe how we engage with our stakeholders and then to highlight short examples that demonstrate our work in practice. We also describe our second Ombudsman Forum, where we facilitated discussions with national and regional consumer-focused organizations as another avenue to hear further about process issues raised with our office.

The section on the individual inquiries received by our office describes changes in the types of inquiries we received this year as well as an increase in the number of inquiries in the second

half of the year. We also include our analysis on two broader issues – the memorialization of ex parte communications and consumers’ options to identify concerns with their companies as provided in the CFPB’s public Consumer Complaint Database – and share updates on two issues we studied previously, CFPB field hearings and company responses to consumer complaints as provided in the Database.

As we consider the next five years, my team and I look forward to using new, creative tools from our toolbox to engage with and assist all of our stakeholders as we advocate for fair process in consumer financial protection.

Wendy Kamenshine  
CFPB Ombudsman

November 15, 2016

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# Ombudsman in Practice

The Ombudsman<sup>1</sup> 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 our outreach and how we connect with our external stakeholders, our work process and how we assist in advocating for a fair process, and how we connect through inreach (or internal engagement) with our CFPB stakeholders.

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## Outreach: Connecting with External Stakeholders

We conduct our own independent outreach with external stakeholders to share further about our resource and work, and to learn more about those individuals and entities engaging with the CFPB. Our outreach efforts are planned, developed, and executed in concert with our strategic plan and include maintaining engagement with stakeholders over time.

Our outreach includes: in-office introductory and follow-up meetings, teleconferences with groups' memberships, presentations at board meetings, speaking at conferences and 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 our office directly at [CFPBOmbudsman@cfpb.gov](mailto: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.

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<sup>1</sup> In this report, "Ombudsman" refers to the Office, the staff, or the person.

This year, we completed several planned outreach activities in accordance with our two-year strategic plan and accompanying outreach plan, keeping in mind our goals to standardize the message of how we can serve as a resource and to develop the next phase of our inreach and outreach. The Ombudsman’s Office bolstered its proactive outreach with the addition of a temporary staff resource, an Acting Outreach Specialist, dedicated to outreach. In addition to expanding our introductory outreach connections with consumer, trade, and other groups and their memberships, we added additional speaking opportunities at groups’ conferences to share with larger audiences about our resource and latest work. At the same time, we added new outreach avenues, such as with our first outreach teleconference series. In this initial series, we offered faith-based leaders participation in one of three calls to share how the Ombudsman may be a resource for their organizations and members.

We also designed new outreach materials during the year for our stakeholders to learn further about our resource. Figure 1 is a new “informational” handout that describes how we approach our work and the tools we use. The back of the informational contains our contact information.

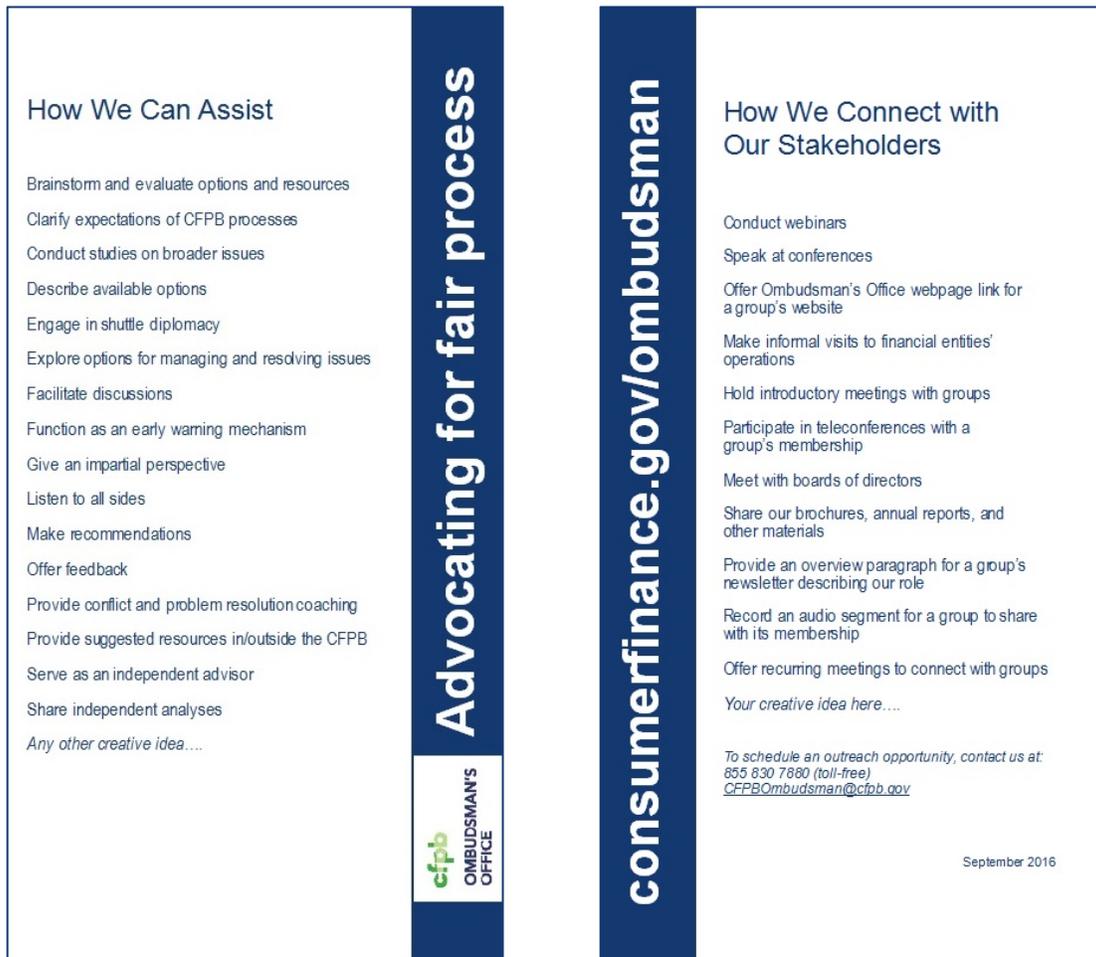
FIGURE 1: DOUBLE-SIDED INFORMATIONAL HANDOUT



Figure 2 below is a new brochure insert which includes information on how we can assist and how we connect with our stakeholders. The design enables it to be used either as an insert with our existing brochure or as a stand-alone handout. We created the new handout for stakeholders to have a snapshot on how we can assist. At the same time, the list of how we connect provides our stakeholders with ideas of possible avenues for us to further share with various groups and

communities. Stakeholders can request copies of any of our outreach materials by contacting us at [CFPBOmbudsman@cfpb.gov](mailto:CFPBOmbudsman@cfpb.gov) or (855) 830-7880.

FIGURE 2: DOUBLE-SIDED BROCHURE INSERT



Finally, in FY2016, we updated our webpage [consumerfinance.gov/ombudsman](http://consumerfinance.gov/ombudsman) in conjunction with the refresh of the CFPB's website. Our webpage contains our Office Charter, reports, FAQs, resources such as our office brochure, and our contact information. In addition to our webpage and our independent outreach, there are many other ways that people learn about the Ombudsman. For example, other government agencies refer people to us, some groups have a link to our office on their websites, the CFPB telephone contact center refers people to us under certain circumstances, and CFPB staff offer the Ombudsman as a resource for assistance.

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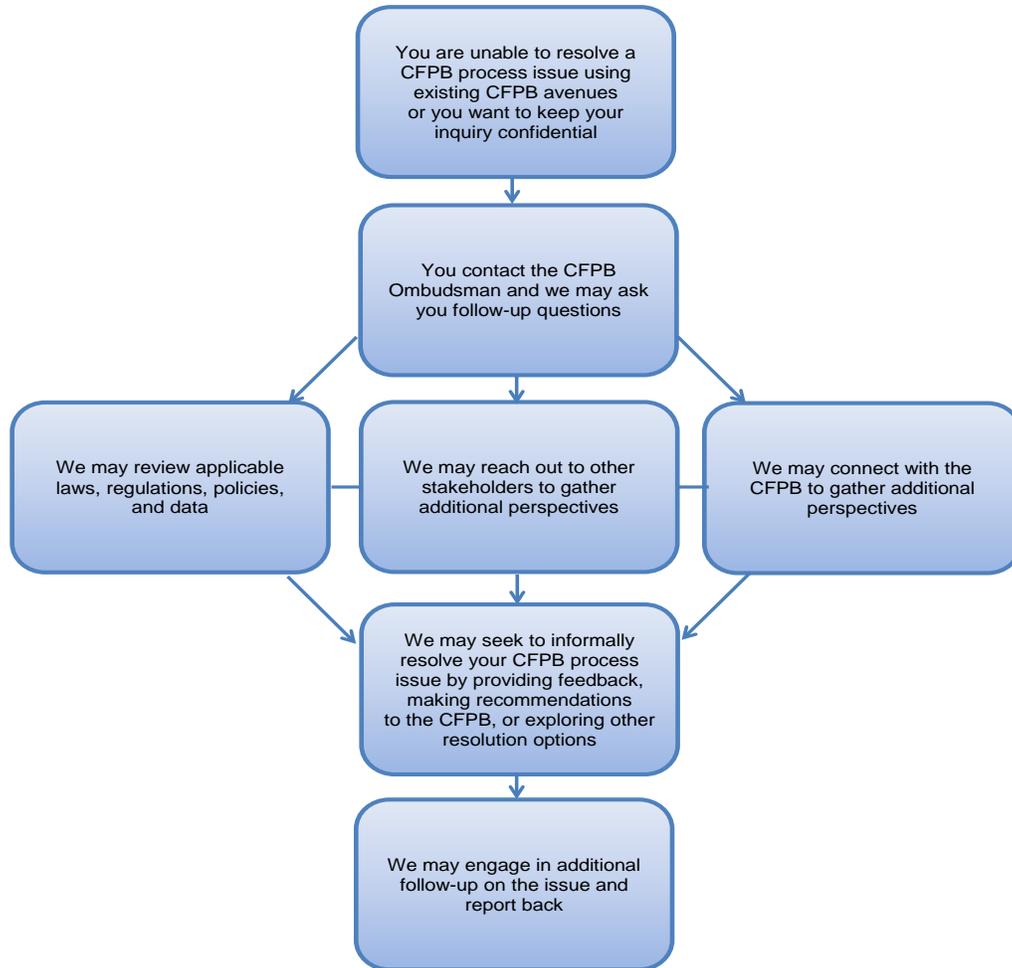
## Our Work Process: How We Assist by Advocating for a Fair Process

The work methods we use to assist consumers, financial entities, their groups, and others who reach us for assistance exist within a flexible framework. As such, the Ombudsman tailors the steps taken to try to best assist each person or entity in resolving a particular process issue. In addition to sharing how we assist, this section also describes our effort to define the terminology we use in doing so.

### How We Can Assist

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

**FIGURE 3:** 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

The Ombudsman utilizes a toolbox of resources to try to resolve an issue. As shown in the figure above, we 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,<sup>2</sup> ensure confidentiality of someone's identity,<sup>3</sup> and engage in shuttle diplomacy,<sup>4</sup> among other options.

The circumstances surrounding each inquiry inform the type of dispute resolution tool or tools that the Ombudsman uses. This flexibility and adaptability in the Ombudsman's resource set allows us to assist a wide range of external stakeholders on various types of issues.

## Ombudsman Terminology: Further Describing our Work

This year, the Ombudsman initiated a project to establish a set of terms and associated definitions to describe our work and activities. This project will create a shared definition and understanding of the terms we use to assist us in further informing our internal and external stakeholders about how we may assist. As part of this project, we are developing an ascending continuum to reflect what we share with the CFPB, from making observations to serving as an early warning mechanism for possible immediate action.

We anticipate that by further defining the words we use to describe our work and activities, stakeholders may find an enhanced ability to make use of and benefit from their engagement with the Ombudsman. We plan to provide an update on the implementation and application of this project in a subsequent report.

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<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> Shuttle diplomacy is an alternative dispute resolution tool in which we convey information, questions, and observations back and forth between stakeholders, sometimes without sharing their identities, to assist in resolving an issue.

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# Inreach with the CFPB: Connecting with Internal Stakeholders

## Initial and Ongoing Inreach

Our inreach takes two forms. Through various initiatives, our initial inreach introduces the Ombudsman's Office to new CFPB staff to share about our resource, describe how we may be of assistance, and answer questions. We strive to ensure that when we contact someone at the CFPB to discuss a process issue it is not the first time they ever heard of the Ombudsman.

We also engage in ongoing inreach to connect throughout the CFPB with leadership of the divisions and offices in regular meetings whether monthly, bi-monthly, or quarterly. This regular engagement ensures we can promptly connect with the right Bureau contacts to address process issues, while also giving us the opportunity to maintain awareness about Bureau activities. In addition, in these meetings we provide informal feedback on perspectives we are hearing, offer feedback in conjunction with CFPB offices' proposed initiatives, and share recommendations. We seek to add new ongoing inreach meetings each year and did so in FY2016, as reflected in Figure 4 below.

**FIGURE 4:** REGULAR INREACH MEETINGS WITH THE CFPB, FY2016

### Monthly Meetings

Director	Offices of Supervision Examinations and Policy
Deputy Director	Research, Markets, and Regulations Division, Chiefs of Staff
Chief of Staff	Office of Financial Institutions and Business Liaison
Office of Consumer Response, cross-office managerial leadership	Office of Intergovernmental Affairs
Office of Consumer Response Intake & Contact Center Operations	

### Bi-monthly Meetings

Executive Secretary	Office of Consumer Response, Service Design
Office of Consumer Response	Office of Financial Empowerment
Office of Consumer Response, Investigations	Office of Older Americans
	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 Advisory Board and Councils
	Office of Communications

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

## New Inreach Initiatives

In accordance with our strategic plan goals, we expanded our inreach activities this year by utilizing multiple channels to enhance our ability to share about the Ombudsman as an independent, impartial, and confidential resource and to discuss our latest work. All new Bureau

employees now receive an email from the Ombudsman to share about our resource, team, and how to find us. In addition, this year we sought to connect with Bureau staff via existing CFPB communication channels. For example, we began development of a short video to be shared with new Bureau employees during their orientation period. The Ombudsman also wrote an article for the newsletter in the CFPB's Northeast region to share about our resource and latest work. In addition, we created an internal version of our "informational" handout to be provided at orientation for new CFPB employees. The handout is the same as in Figure 1 above with further information on how to reach the Ombudsman.

To best assist our stakeholders, and in keeping with our tenets, methods used by the Ombudsman in practice change dynamically over time. We continually seek to enhance and adapt our creative approaches to informally assist stakeholders in resolving process issues.

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## Demonstrating the Ombudsman in Practice

This section provides examples of how we used our toolbox of resources this year, from providing feedback to engaging in shuttle diplomacy to suggesting changes, as we assisted in resolving CFPB process issues. In applying the flowchart in Figure 3 above, these examples demonstrate how we tailor the way to best assist in a situation depending on the circumstances.

**Connecting CFPB Offices to Provide Technical Resource for The Public** – Over the year, consumers shared with us about technical issues with [consumerfinance.gov](http://consumerfinance.gov), such as broken links or the inability to upload a document to accompany a consumer complaint. The Bureau's website provided no place to report these issues. In addition, the agency's telephone contact center – (855) 411-CFPB (2372) – could assist on some technical issues, but did not have the established email address to provide to the public to enable them to further share about the issues. We provided this feedback to the relevant CFPB offices, which then coordinated on how to address the matter. As of this writing, where there is a CFPB broken link we understand that the public will receive an error message that includes an email address

([cfpb\\_website@consumerfinance.gov](mailto:cfpb_website@consumerfinance.gov)) to highlight a technical issue. The error message also will include information on how to reach the contact center to submit a consumer complaint. In addition, the contact center will provide that same email address for the public to highlight other website technical issues for the CFPB to address.

**Clarifying Consent on Credit Reporting Consumer Complaints** – The Ombudsman received inquiries about the CFPB’s consent requirement for credit reporting complaints. Specifically, on [consumerfinance.gov](http://consumerfinance.gov), the Bureau requires that consumers authorize a “consumer reporting agency to furnish a copy of my consumer report to the CFPB” before such complaints can be submitted online.<sup>5</sup> Inquirers indicated that this language raised concerns about the extent to which the CFPB would have access to their credit report information. Additionally, some consumers shared with us that consent should not be required when submitting credit reporting consumer complaints regarding issues that do not pertain to an individual credit report, such as a concern with the process of requesting a credit report. It is our understanding from the CFPB that it requires this consent to comply with the Fair Credit Reporting Act if the agency could receive any information from an individual’s credit report. At the same time, the consent language on the Bureau’s website may be confusing because of the difference between the colloquial definition of the term “credit report,” as a complete copy of an individual’s credit information held by a credit reporting agency, and the definition of the term in the Fair Credit Reporting Act.<sup>6</sup> We shared the concerns we heard with the CFPB and understand that the Bureau is reviewing the online consent language to determine whether it may be possible to provide additional clarity consistent with the Fair Credit Reporting Act.

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<sup>5</sup> Consumers submitting credit reporting complaints via phone or postal mail sign a consent form provided by the company that is the subject of the complaint.

<sup>6</sup> “The term ‘consumer report’ means any written, oral, or other communication of any information by a consumer reporting agency bearing on a consumer’s credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living which is used or expected to be used or collected in whole or in part for the purpose of serving as a factor in establishing the consumer’s eligibility for (A) credit or insurance to be used primarily for personal, family, or household purposes; (B) employment purposes; or (C) any other purpose authorized under [§ 1681b].” 15 U.S.C. § 1681a (d) (2010).

**Serving as a Resource to Facilitate Whistleblower Communications with the CFPB** – This year, individuals and company contacts reached our office to share alleged violations of consumer financial protection laws. In general, the Ombudsman directs whistleblowers to the CFPB’s usual avenue for reporting alleged violations. The CFPB shares that current or former financial entity employees as well as other business people may contact the CFPB with whistleblower tips via email ([whistleblower@consumerfinance.gov](mailto:whistleblower@consumerfinance.gov)) or telephone, (855) 695-7974. On [consumerfinance.gov](http://consumerfinance.gov) it shares that “[p]eople who submit whistleblower tips may request confidentiality or remain anonymous to the extent permitted by law.” At the same time, some whistleblowers indicated that they contacted our office so they would not have to provide their name with the information. With the consent of the whistleblower, the Ombudsman refers such communications anonymously to the CFPB’s Office of Enforcement.

**Highlighting Feedback Received on Regulatory Process in Inreach Meetings** – As the CFPB issued proposed rules this year, we received a few individual inquiries asking how to submit comments when a rule announced on [consumerfinance.gov](http://consumerfinance.gov) was not yet available on [regulations.gov](http://regulations.gov). The Federal Register notices had the instructions on how to submit comments via email and postal mail, but the CFPB website did not. We shared this feedback in some regular inreach meetings for the agency’s consideration.

**Suggesting Changes to Information for the Telephone Contact Center** – We suggested some areas where the CFPB could provide additional information or clarify information the telephone contact center staff has to share with the public. For example, based on individual inquiries the Ombudsman received, we suggested that the Bureau share information for when a consumer complaint is first sent to a company and then later sent to another federal agency to be addressed. In another example, based on an individual inquiry to the Ombudsman, we highlighted opportunities to make the language consistent between information the contact center shared and CFPB letters. Additionally, stemming out of our June Ombudsman Forum, as described later in this report, we also suggested that contact center staff have information to share on how to enlarge text on the agency website. We understand the CFPB updated these items or has plans to do so.

**Engaging in Shuttle Diplomacy to Address Questions on the Enforcement Process** – In FY2016, we heard from companies and their counsel seeking to further understand the CFPB’s [Notice and Opportunity to Respond and Advise \(NORA\)](#) process. In one circumstance, we used the tool of shuttle diplomacy to obtain some answers from the CFPB,

clarifying certain elements of the NORA process more broadly and as applicable to the matter. We also offered the CFPB feedback regarding the implementation of the NORA process stemming from this instance.

**Offering Feedback on How Consumers Interface with the Consumer Complaint Process** – During FY2016, the Ombudsman shared feedback and observations on issues pertaining to how the public interfaces with the CFPB’s consumer complaint process. For example, the Ombudsman learned from individuals reaching us that more consumers than last year needed password resets to access the consumer complaint portal. We shared the information with the Office of Consumer Response to address any technical issues and assist the individual consumers who reached us. We also heard from consumers regarding alleged retaliation by companies named in consumer complaints and highlighted questions we received regarding how consumers could alert the CFPB on this topic. We understand that consumers can alert the CFPB about perceived retaliation by providing that as feedback to the CFPB within the context of an existing consumer complaint, submitting a new consumer complaint, or sharing the allegation via the CFPB’s [Tell Your Story](#) function available on [consumerfinance.gov](#).

**Assisting A Company In Navigating the CFPB’s Information Disclosure Approval Process** – The office received an inquiry from a company in the midst of an ongoing CFPB examination concerning the company’s ability to share the existence of that examination with its state regulatory agency. The CFPB and the states have a [Memorandum of Understanding](#) and [Supervisory Coordination Framework](#) on cooperation during examinations, and the CFPB shares its examination schedules with applicable state regulators. At the same time, the CFPB’s regulations require that a company obtain permission from the Bureau to share confidential supervisory information.<sup>7</sup> We engaged in shuttle diplomacy to help facilitate a resolution to the company’s inquiry. Additionally, we reviewed the process for such requests, considering how companies would initiate a request to share that information as well as the CFPB process for approval of such requests.

**Observing Location of Public Materials and Suggesting A Change** – Walking into agency headquarters, we noticed that public consumer financial brochures and materials were

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<sup>7</sup> See 12 C.F.R. §1070.42 (2013).

only available once admitted to the building, alongside materials for agency employees. We contacted the relevant CFPB offices to learn more about the decision of where to locate the public materials and suggested that the public materials be moved to a location for all visitors to the building. As a result, there is now one metal stand for public consumer financial brochures and materials at the immediate entrance to the building and another metal stand available after admission to the building with materials for agency employees.

**Sharing Feedback to Clarify Expectations Around the Daily Digest Provided to Companies** – A company shared that the CFPB Daily Digest, a digital publication companies may opt to receive that contains notifications on consumer complaints, did not show that the company had consumer complaints needing a response. We understand that the company relied on the Daily Digest for such notifications and did not log into the Company Portal. Months later, the company logged into the Portal and discovered one consumer complaint awaiting a reply. As a result, the company did not meet the CFPB’s 15-day response timeframe. Consumer Response shared that the CFPB provides the Daily Digest summary as a service, but that companies should log into the Company Portal to monitor and respond to complaints rather than relying solely on the Daily Digest. To further share about responding to consumer complaints, Consumer Response provides Frequently Asked Questions in the Company Portal as a resource for companies. Information provided in the FAQs and by the telephone contact center stated that the Daily Digest will share about new consumer complaints received. We understand that Consumer Response plans to review its FAQs and other information shared with companies about the Daily Digest to determine how the information may be clarified.

**Using Implementation of Recommended Resource for New Inquiries** – In our [FY2014 Annual Report](#), we shared our recommendation that the CFPB bring together all information about public actions and payments to harmed consumers, including information about the Bureau’s Civil Penalty Fund (CPF), in a single location on [consumerfinance.gov](http://consumerfinance.gov). The CFPB was working on implementing this recommendation at the time of the Ombudsman’s [FY2015 Annual Report](#) and did so shortly after that report’s publication. The page, entitled “[Payments to harmed consumers](#),” includes information about the various processes by which redress is administered, specific cases where redress is or was a component, the procurement process for educational programs funded by CPF monies, and the administration of the CPF itself. This year, we received individual inquiries concerning both specific cases and the educational program procurement process, and could direct inquirers to the “[Payments to harmed consumers](#)” page for further information.

**Providing Feedback on Enforcement Warning Letter Project** – In FY2015, the Ombudsman learned that the CFPB was developing a pilot warning letter project to share with an entity that what it is doing may violate federal consumer financial protection laws. In anticipating possible external stakeholder concerns and to serve as an independent advisor and early warning mechanism for the CFPB, the Ombudsman shared feedback and suggestions with the Office of Enforcement for their consideration. The Ombudsman understands that in FY2016, the CFPB implemented some of the suggestions we shared in the new initiative.

**Sharing Perspectives on Engagement and Communications with Consumers** – This year, the Ombudsman learned that Consumer Response was contemplating updates to the communications sent to consumers. In reviewing the updated drafts, we offered feedback for the CFPB's consideration. We also offered feedback on the CFPB's proposal to provide a 5-star rating system to capture consumers' experience with the consumer complaint process. For the CFPB's consideration, and as an advocate for a fair process, we highlighted the potential perspectives of external stakeholders as the CFPB contemplated the proposed system.<sup>8</sup>

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## 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, as described in our [FY2015 Annual Report](#), we held the first Ombudsman Forum on September 9, 2015, with industry groups previously contacted through our outreach. This year, we held our second Ombudsman Forum on June 16, 2016, in Washington, D.C., and invited

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<sup>8</sup> This summer, the CFPB proposed a short survey after consumers' receipt of the company response. "The consumer will have the ability to rate the company's response to and handling of his or her complaint on a one to five scale and provide a narrative description in support of the rating." "[Notice and Request for Comment: Consumer Response Company Response Survey](#)," 81 Fed. Reg. 50484 (Aug. 1, 2016). This proposed change would replace the current phase of the process where consumers can provide feedback to the company's response that is shared with the CFPB. Comments were due on September 30, 2016. *See id.*

broad-based national or regional consumer-focused organizations with which our office had conducted outreach or otherwise shared about our resource over time. Each invited group could bring two participants, which could include anyone from the group itself or their membership organizations. For our half-day event, there were participants from 15 groups representing multiple constituencies that engage with the CFPB. In keeping with our ombudsman tenets of independence, impartiality, and confidentiality, the Forum was closed to the press, the public, and CFPB staff.

Ombudsman staff led facilitated discussions, which allowed participants to share on several topics and offer their recommended solutions to any process concerns. We selected topics based on process issues previously shared with the Ombudsman by consumer-focused groups or the CFPB, including: connecting into the CFPB, the CFPB's consumer outreach, the consumer complaint process, the public Consumer Complaint Database, access to the CFPB for the disability community, and the creation and consumer usage of CFPB educational products. Prior to the Forum, we met with CFPB divisions and offices on these topics, 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 on the discussion topics:

## Connecting Into the CFPB

Forum participants shared positive feedback about their groups' ability to connect into the CFPB, while also indicating that individual consumers connect primarily through the consumer complaint process. They also highlighted the lack of available CFPB points of contact on the website and reluctance among some populations to approach a federal agency for assistance. Additionally, some participants indicated that further clarity in the rulemaking process and simplicity in providing comment on proposed rules would be helpful for consumers and advocates alike.

Participants suggested that the CFPB provide additional information and contact points on its website's [Contact Us](#) page as well as a public "suggestion box" for suggestions on issues the Bureau should work on. One attendee suggested that the CFPB have "faces people know" on the ground inside various communities to reduce the distance between the CFPB and the consumer, particularly in low-income communities.

## The CFPB's Consumer Outreach

Forum participants described the CFPB's consumer outreach as impressive compared with other agencies. Participants also shared perspectives based on their own experiences with specific sectors in which the Bureau does outreach. Additionally, some participants noted that digital access varies greatly among consumers, particularly in communities where English is not the first language, and that the CFPB should keep that in mind when considering its outreach strategies. The ability to access the CFPB's telephone contact center in 180 different languages was described positively.

Participants suggested a number of possible initiatives for the Bureau's outreach. Specific suggestions included more active and conversational social media accounts, the creation of additional video content for sharing on social media and the CFPB website, a syndicated newspaper column signed by the CFPB Director, and the inclusion of CFPB contact information on billing statements and prepaid cards. Additionally, participants suggested additional outreach to religious organizations, ethnic media and communities, and rural areas. Another proposal was to use the CFPB's examiner workforce, who are based around the country and examine the financial entities, to conduct outreach in local communities nationwide.

## The Consumer Complaint Process

Some participants shared the perspective that while the CFPB does a better job handling complaints than anyone else in the government, consumers and advocates have higher expectations of the CFPB. Attendees were unhappy that the CFPB eliminated the dispute review process after a consumer receives a company response and that there is no appeal after closure of a consumer complaint. Some participants also described a need for an "end of story" filled in by the CFPB at the end of the complaint process, including a link to other CFPB information and materials about the product and company, as well as further sharing of complaint process success stories with the public.

Forum participants shared several suggestions for the consumer complaint process, including adding a step after the company response where the Bureau would look at what the company provided and review or question their actions. Participants also provided several suggestions which the CFPB was considering prior to the Forum, including a customer satisfaction survey at complaint closure, the choice to publish a public response in the Consumer Complaint Database in the same manner as companies, and providing closeout letters with resources more

specifically tailored for the consumer. Other suggestions included more response categories for consumers to identify the issue with their companies and the CFPB sharing information with consumers on how the Bureau used their complaints in its supervision or completed public enforcement activities.

## The Consumer Complaint Database

Attendees had positive feedback for both the utility of the CFPB's Consumer Complaint Database and the data analysis, such as monthly reports, provided by the Bureau. Some groups indicated that the Database informs their policy work by helping to identify research areas. At the same time, some participants expressed concerns about the consistency of redactions across the narratives. Finally, there was feedback that the Database is not mobile-friendly.

Participants recommended that the Bureau add actual company names to the Database, as provided by the consumer in the complaint, rather than just the parent company name, because consumers do not usually know the name of parent companies, only the name of the company they are researching. They also suggested that the CFPB could use the Database to cross-reference other materials on the Bureau's website and that the CFPB should make the Database more user-friendly, such as by having the search function provide suggested keywords if an initial search does not produce results.

## Access to the CFPB for the Disability Community

Participants described the design of the CFPB's website as great in that it is uncluttered, simple, and clear. Attendees indicated that the accessibility of the educational materials offered by the CFPB is generally better than that offered by other agencies, but there is still room to improve, noting that the wait time on accessible educational materials, specifically large print and Braille materials, is too long. Participants also stated that the CFPB did not appear to do outreach in terms of making the existence of its accessible materials known to the disability community. Additionally, most attendees were not aware of the existence of the [accessibility page](#) on the CFPB's website or the ability to [file an accessibility complaint](#).

Forum participants suggested that the release date for CFPB's accessible educational products be the same as it is for the products themselves. They also proposed that the CFPB accommodate the visually impaired with a way to adjust the website's text size.<sup>9</sup> Regarding the information on the website itself, attendees suggested that disability-related information and contact points be added to the [Contact Us](#) page on the website and that the site include information for consumers in the disability community to learn about their rights with regard to the financial products and services covered by the CFPB.

## Creation and Consumer Usage of CFPB Educational Products

Forum attendees provided positive feedback on the CFPB's educational materials, describing them as "a treasure trove of information" and extensive with good quality and messaging. Many groups stated that they regularly share CFPB educational materials with their members and that they send consumers to the CFPB's online tools when they cannot directly assist consumers themselves, with one attendee positively citing the availability of materials in bulk for no cost. At the same time, participants indicated that the CFPB should further highlight the existence of its materials as well as the specific materials available. Furthermore, attendees stated that some CFPB educational materials assume a knowledge base and are difficult to understand with materials on certain products cited as having a lot of jargon.

Forum participants had a number of suggestions regarding educational materials, including the creation of multiple versions of materials to accommodate different levels of reading comprehension, the utilization of more bullet points and lists to make materials more memorable, and the development of some materials, such as comic books, to attract additional readers. Another suggestion was that the Bureau produce a financial terms guide in English, in addition to those already available in Chinese and Spanish, and promote its existence once it becomes available. Additionally, attendees shared that consumers are sometimes more receptive to tools branded by organizations they know, so the CFPB should produce materials that allow co-branding by grassroots organizations.

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<sup>9</sup> It is our understanding that this functionality is now built into current web browsers and is not necessary to include within a website. Our office suggested, and the Bureau now is considering, language to assist less technologically savvy consumers in utilizing this function. See "Ombudsman in Practice" section above.

## Next CFPB Ombudsman Forums

The Ombudsman Forum program continues to receive a positive response from both participants and the CFPB, serving as another way for us to assist in trying to resolve process issues. As shared in the Going Forward section, we are planning to further expand our Ombudsman program in the next few years.

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# Analyzing Individual Inquiries to the Ombudsman

The Ombudsman received 1,412 individual inquiries<sup>10</sup> in FY2016, an approximately 21 percent<sup>11</sup> increase from the 1,166 received in FY2015. The second half of the fiscal year accounted for nearly all of this increase, with the third and fourth quarter of FY2016 up about 41 percent from the same period in FY2015.

Individual persons accounted for 1,160 inquiries received by the Ombudsman in FY2016.<sup>12</sup> The inquiries that are not from individual persons, who contact the Ombudsman's Office on their own behalf, are including those from attorneys, representatives, and third parties; parties not authorized to receive information concerning a consumer complaint; financial entities;

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<sup>10</sup> Individual inquiries do not include Ombudsman outreach and the broader issues received in connection with such outreach.

<sup>11</sup> 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.

<sup>12</sup> We are using the term "individual" this year which we defined as an inquirer who contacts the Ombudsman's Office on his own behalf, such as an individual contacting the office about a consumer complaint, seeking information on how to file such a complaint, or seeking a Bureau resource for direct assistance.

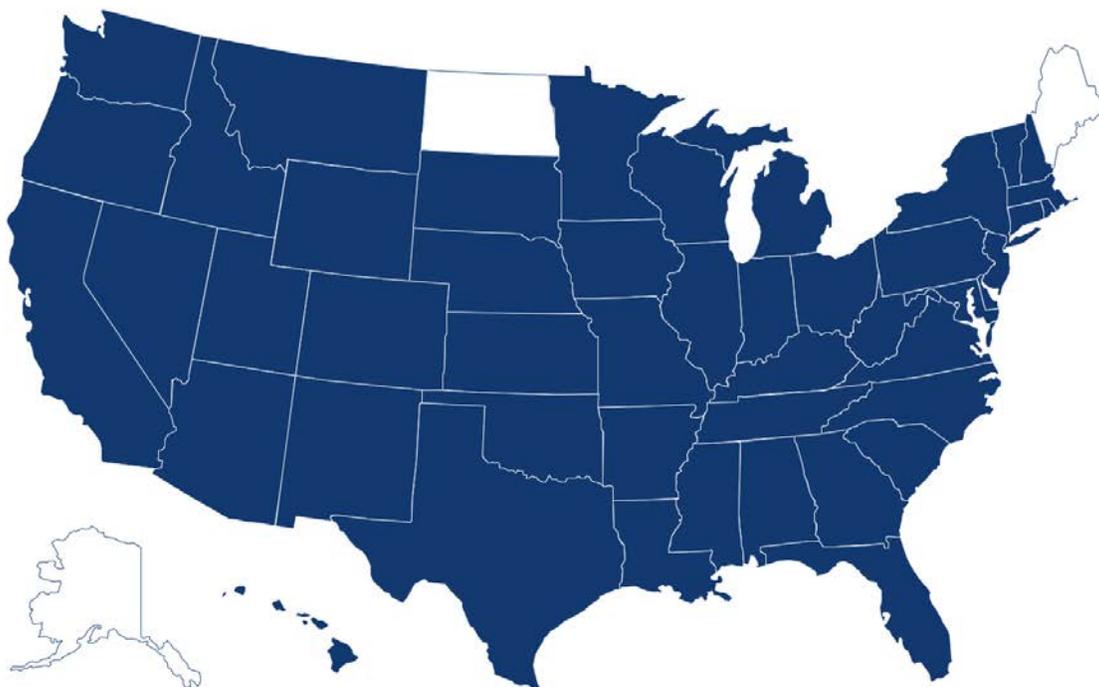
businesspersons; consumer and trade groups; and local, state, and federal government as well as Congressional offices.

The types of inquiries received by the Ombudsman in FY2016 held mostly steady as compared with FY2015. Overall, 50 percent of the inquiries were questions (down slightly from 53 percent in FY2015), and 26 percent of inquiries were complaints (as compared with 24 percent in FY2015). The remainder of the inquiries consisted of courtesy copies to the Ombudsman (12 percent), topics of concern (9 percent), and feedback on CFPB and non-CFPB topics (3 percent).

The public can reach the Ombudsman by email ([CFPBOmbudsman@cfpb.gov](mailto: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 Washington, D.C., mailing address. For the third straight year, the percentage of first contacts to the Ombudsman by email increased while those by telephone decreased. In FY2016, first contacts by email accounted for 55 percent of all inquiries to the Ombudsman, with those by telephone accounting for 41 percent. In FY2015, email and telephone each accounted for first contacts in 48 percent of inquiries. In FY2014, the split was 41 percent by email and 53 percent by telephone, while in FY2013 it was 24 percent by email and 73 percent by telephone.

In FY2016, web users from all 50 states viewed the Ombudsman website at [consumerfinance.gov/ombudsman](http://consumerfinance.gov/ombudsman) at some point during the year. Inquirers contacted the Ombudsman from 47 states and the District of Columbia, as shown in Figure 5 below, as well as from Puerto Rico and other countries. This is an increase from the 44 states from which inquirers contacted the Ombudsman in FY2015. Moreover, the few states from which inquirers did not contact the Ombudsman in FY2016 were different than those in FY2015.

**FIGURE 5:** STATES FROM WHICH INQUIRERS REACHED THE OMBUDSMAN, FY2016

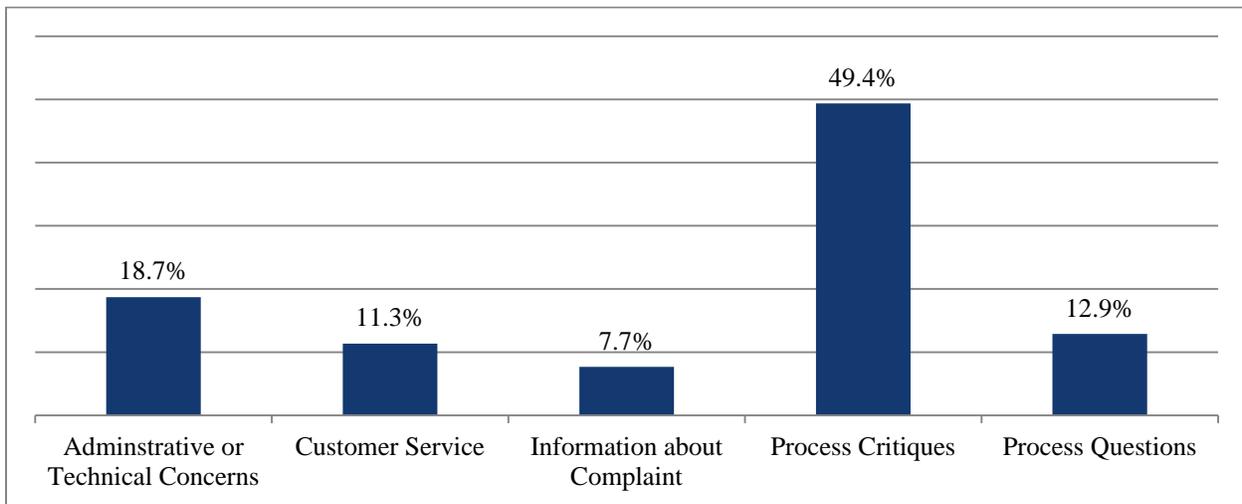


## Individual Inquiries about the Consumer Complaint Process

Figure 6 below provides information on the kinds of issues we received this year regarding the consumer complaint process. Nearly half of the inquiries were “Process Critiques,” an increase from the approximately 28 percent in FY2015. This category encompasses feedback provided about the complaint process, including prescribed timeframes and dissatisfaction with the closure or outcome of the complaint process or the manner in which the CFPB conducted the process. “Administrative or Technical Concerns” accounted for almost the same percent as last year, and most commonly included difficulties with portal access to review the consumer complaint, the existence of multiple profiles for the same consumer in the complaint system, and concerns about complaint intake accuracy or technical issues in the system. “Process Questions,” which includes inquiries seeking clarification on the entire complaint process or some aspect of it, accounted for about 13 percent of inquiries, down from the approximately 24

percent in FY2015. “Customer Service” concerns were about 11 percent, down from about 15 percent last year, and refer primarily to communications or interpersonal issues experienced when interacting with the CFPB. Finally, “Information about Complaint,” including instances where the inquirer wanted additional information about the consumer complaint such as complaint status, represented about 8 percent, down from about 12 percent in FY2015.

**FIGURE 6:** INDIVIDUAL INQUIRIES ABOUT THE CONSUMER COMPLAINT PROCESS, FY2016



For product type, in FY2016, as in the last few years, mortgages (41 percent in FY2016) 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 such as student loans (24 percent), deposit products (11 percent), credit reporting (10 percent), and debt collection (6 percent). Other products underpinned approximately 8 percent of the inquiries.<sup>13</sup>

## Individual Inquiries from Industry

The industry-related individual inquiries the Ombudsman received this year covered several topics. For example, some inquiries pertained to engaging with the CFPB’s enforcement process

<sup>13</sup> For comparison, Consumer Response shared that during the same period, 18 percent of consumer complaints submitted to the CFPB were regarding mortgages and 30 percent were about debt collection.

and industry's need for additional understanding about elements of that process. We also heard about industry's desire to receive additional clarity and guidance on CFPB regulations. A few inquiries had to do with communications where the inquirer had not received a response from the CFPB. Additionally, on the consumer complaint process, we received a question about the purpose of the Daily Digest and again received questions about 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 report.

## Providing Useful Resources

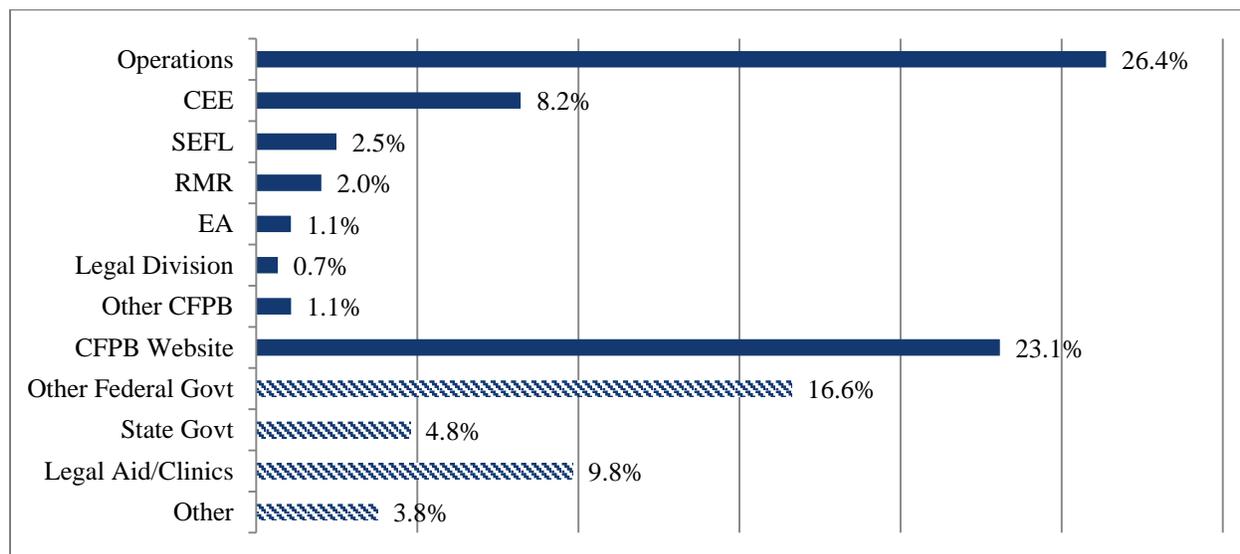
The Ombudsman tracks issues raised in inquiries received to highlight trends, provide feedback, and make recommendations to the CFPB. Additionally, through our holistic approach to inquiries, the Ombudsman sometimes provides other resources to further assist the inquirer and we track those resources as well. For example, a consumer may benefit from reviewing an [AskCFPB](#) question or other informational resource on [consumerfinance.gov](http://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.<sup>14</sup> 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 1,486 resources to inquirers in FY2016 and the figure below shows the breakdown of these resources.

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<sup>14</sup> 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 7: DESTINATION OF ISSUES RE-DIRECTED TO FURTHER ASSIST THE INQUIRER, FY2016<sup>15</sup>**



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.

<sup>15</sup> 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 and Young Consumers; “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.

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# Systemic Reviews – Focus for FY2016

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 be able to add value in our role as an independent, impartial, and confidential resource. We consider three questions in reviewing systemic issues: (1) Is the agency fairly applying a process it established? (2) If there is no set process, should we recommend creating one? (3) Does an existing process require a change to provide a fair application of it? The Ombudsman feedback and recommendations that we provide to the CFPB 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 FY2016 the Ombudsman reviewed two issues as systemic issues, as described below.

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## CFPB Proposed Rules: The Memorialization of Ex Parte Communications

As a regulatory agency, the CFPB writes rules to implement consumer financial protection laws. There can be a lengthy process to develop a proposed rule and ultimately implement a final rule. The CFPB shares on its website's [Rulemaking page](#) that: "proposed rules are generally published to give industry, consumers, and other external stakeholders an opportunity to comment on their potential impact" as the agency develops a new rule. The public has a defined period of time as specified in the notice of proposed rulemaking, known as the comment period, to share comments on a proposed rule, including via [regulations.gov](#). Once the CFPB shares the proposed rule, communications to Bureau decision-makers made outside of that specific comment submission process are considered ex parte communications meaning from one side.

In FY2016, some groups shared with the Ombudsman an inability to locate documented ex parte communications to proposed rules or noticed that the documentation of such communications were publicly available in noticeably varying timeframes on [regulations.gov](https://www.regulations.gov). We decided to study the issue further to see if we could be of assistance to both the CFPB and the public.

## The Bureau's Ex Parte Policy

In [CFPB Bulletin 11-3](#), which sets out the CFPB's ex parte policy, the Bureau defines an ex parte presentation as: "any written or oral communication by any person outside the CFPB that imparts information or argument directed to the merits or outcome of a rulemaking proceeding." We understand that the requirements for memorializing or documenting ex parte communications exist to encourage transparency in the rulemaking process. The CFPB requires that disclosure be made for both oral and written ex parte communications by the external party making the communication, with a timing requirement, or, alternatively, by the relevant CFPB staff. Such memorialized communications later are published on [regulations.gov](https://www.regulations.gov).

## Methodology to Review Ex Parte Communications

To study this topic, we reviewed the CFPB's ex parte policy in [CFPB Bulletin 11-3](#), the process to memorialize communications at the CFPB, and any internal guidance for memorializing ex parte communications; met with the relevant CFPB offices involved in memorializing ex parte communications; sought additional feedback from outside stakeholders; and analyzed the ex parte documentation posted on [regulations.gov](https://www.regulations.gov) over a specified timeframe.

At the outset, we reviewed the existing internal draft process documentation, including an early process map, as well as any related guidance for CFPB employees on how to memorialize an ex parte communication. The Ombudsman also met with Bureau offices engaged in the process and asked clarifying questions regarding the current process. In addition, we asked Bureau offices for suggestions and perspectives on the existing process as well as best practices for memorializing the ex parte communications.

Additionally, we reviewed ex parte communications posted on [regulations.gov](https://www.regulations.gov) for FY2015 and the first two quarters of FY2016 (October 1, 2014-March 31, 2016). In this research, we noted: the name of the communication; when the ex parte communications originally were made to the CFPB; when documentation of the ex parte communication was posted to [regulations.gov](https://www.regulations.gov); whether CFPB staff or an external party provided the memorialization of the ex parte

communication; the CFPB office name, if one was provided; and, the number of days between the date of the ex parte communication and when a document was available on [regulations.gov](https://www.regulations.gov).

In reviewing the posted documentation, we observed that there was not a consistent format used in posting the information, although a template is available to CFPB staff. Additionally, documents were posted in varying timeframes after the communication, from one day to approximately five months, which we learned was not related to any process delays at the [regulations.gov](https://www.regulations.gov) resource. We also noted examples of communications made prior to publication of the proposed rule that were included in the docket as ex parte communications although not required by the Bureau's policy.

## Facilitating a Cross-Bureau Dialogue

In the spring of this year, the Ombudsman recommended that the CFPB standardize the agency's process for memorializing ex parte communications regarding proposed rules, particularly as the CFPB anticipated an [active proposed rulemaking schedule in 2016](#). We facilitated discussions surrounding the further development and standardization of that process with some cross-Bureau meetings and provided feedback for the CFPB's consideration.

We understand that the CFPB plans to issue a revised ex parte policy which will update the timeframe in which disclosures must be made when memorializing such communications. In conjunction with the new policy, the CFPB shared that it is updating and standardizing the internal process and accompanying process map for CFPB staff receiving ex parte communications.

The Ombudsman will share further updates in our next report.

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## The Public Consumer Complaint Database: Analyzing Consumer Issue Selections

This year, some groups expressed concern to the Ombudsman about the specificity of options available to consumers to identify the issue with their company when submitting consumer complaints and, in turn, the data then available for analysis in the public Consumer Complaint

Database. When submitting a consumer complaint to the CFPB at [consumerfinance.gov/complaint/](https://consumerfinance.gov/complaint/), for example, consumers identify the issue with their company by choosing from a selection of different issues, and, for some products, sub-issues. The CFPB then makes this information, along with other non-confidential data, available in the Database on [consumerfinance.gov](https://consumerfinance.gov) and shares there that “[a]ll complaint data we publish is freely available for anyone to use, analyze, and build on.”

To further review this issue, the Ombudsman discussed these concerns with the relevant CFPB offices, stakeholders representing consumer and industry perspectives, and at our Ombudsman Forum in June. In addition, the Ombudsman independently researched the issue and sub-issue options provided to consumers at the initiation of a consumer complaint across all products.

The feedback we received from a few groups included that for checking accounts, for example, it is difficult to determine which issue categories incorporate concerns relating to overdraft. Although only one issue category option for this product does include the word “overdraft,” we understand that other issue categories offer examples that consumers may use for overdraft issues, as shown in Figure 8 below. As a result, we learned that some Database users review the consumer complaint narratives to understand whether the consumer complaints they are analyzing are regarding overdrafts. Publication of the narrative that accompanies a consumer complaint in the Database is optional for the consumer.

**FIGURE 8:** CFPB CHECKING ACCOUNT COMPLAINT FORM

This is about a(n) \*

Checking account

Which of these best describes your issue? \*

- Account opening, closing, or management  
*Confusing marketing, denial, disclosure, fees, closure, account access, interest, statements, joint accounts*
- Deposits and withdrawals  
*Availability of deposits, withdrawal problems and penalties, unauthorized transactions, check cashing, payroll deposit problems, lost or missing funds, transaction holds*
- Using a debit or ATM card  
*Disputed transaction, unauthorized card use, ATM or debit card fees, ATM problems*
- Making or receiving payments  
*Problems with payments by check, card, phone or online, unauthorized or fraudulent transactions*
- Problems caused by my funds being low  
*Overdraft fees, late fees, bounced checks*

For mortgage complaints, for example, the consumer selects from five different issue buckets and each issue bucket lists sub-issues, as shown in the figure below. The issue category entitled “Problems when you are unable to pay” includes loan modifications and foreclosures. The consumer can select the issue bucket, “Problems when you are unable to pay,” but not the separate underlying sub-issue such as loan modification.

**FIGURE 9:** CFPB MORTGAGE COMPLAINT FORM

Which part of the mortgage process is your issue related to? \*

- Applying for the loan  
*Application, originator, mortgage broker*
- Receiving a credit offer  
*Credit decision/Underwriting*
- Signing the agreement  
*Settlement process and costs*
- Making payments  
*Loan servicing, payments, escrow accounts*
- Problems when you are unable to pay  
*Loan modification, foreclosure*

My loan is a(n) \*

As shown in the figure below, the Database then has the sub-issues including loan modifications and foreclosures, in addition to collections,<sup>16</sup> grouped together. We understand that grouping sub-issues makes it difficult to analyze the data if you are researching, for example, the number of consumer complaints on loan modifications.

FIGURE 10: CONSUMER COMPLAINT DATABASE EXCERPT ON MORTGAGES

	Date received	Product	Sub-product	Issue
1	08/23/2016	Mortgage	Conventional fixed mortgage	Application, originator, mortgage broker
2	08/23/2016	Mortgage	Conventional fixed mortgage	Application, originator, mortgage broker
3	08/22/2016	Mortgage	Conventional fixed mortgage	Loan servicing, payments, escrow account
4	08/22/2016	Mortgage	FHA mortgage	Loan modification, collection, foreclosure
5	08/22/2016	Mortgage	Other mortgage	Credit decision / Underwriting
6	08/21/2016	Mortgage	FHA mortgage	Loan servicing, payments, escrow account
7	08/21/2016	Mortgage	Conventional adjustable mortgage (ARM)	Loan servicing, payments, escrow account
8	08/20/2016	Mortgage	Conventional fixed mortgage	Settlement process and costs

In addition to the feedback we received, in our research we observed the varying number and specificity of issue categorization options provided to consumers depending on the product underlying the complaint. For example, for mortgages and checking accounts, each product has five issue categories and no ability to select a sub-issue. For credit reporting, there are issues and accompanying sub-issues from which consumers can select, and the issue and sub-issue are published in separate columns in the Database. At the same time, for credit cards there are 30 specific issues, rather than sub-issues, from which to choose such as “Balance transfer,” “Balance transfer fee,” and Billing disputes” as shown in Figure 11 below.

<sup>16</sup> The CFPB includes “collections” in the “Problems when you are unable to pay” issue category in the public Database, but it does not appear on the consumer complaint form.

**FIGURE 11: CFPB CREDIT CARD COMPLAINT FORM**

Which of these best describes your issue? \*

Choose...

- Advertising and marketing
- Application processing delay
- APR or interest rate
- Arbitration
- Balance transfer
- Balance transfer fee
- Bankruptcy
- Billing disputes
- Billing statement
- Cash advance

The figure below has a snapshot of the credit card consumer complaints as published in the Database with the specific issue breakout as well.

**FIGURE 12: CONSUMER COMPLAINT DATABASE EXCERPT ON CREDIT CARDS**

	Date received	Product	Sub-product	Issue
1	08/20/2016	Credit card		Rewards
2	08/20/2016	Credit card		Rewards
3	08/19/2016	Credit card		Rewards
4	08/19/2016	Credit card		APR or interest rate
5	08/19/2016	Credit card		Rewards
6	08/19/2016	Credit card		Rewards
7	08/19/2016	Credit card		Billing statement
8	08/18/2016	Credit card		Delinquent account
9	08/18/2016	Credit card		Credit card protection / Debt protection
10	08/18/2016	Credit card		Customer service / Customer relations
11	08/18/2016	Credit card		Delinquent account
12	08/18/2016	Credit card		Payoff process

Therefore, someone researching mortgage-related complaints in the Database is not easily able to compile data on complaints solely about loan modifications or foreclosures because the complaint form categorizes these sub-issues together, while someone researching credit card-related complaints can analyze specific issues with the data provided.

We provided feedback to the Office of Consumer Response regarding the need for additional sub-issues for some product issue areas and shared concerns about the noticeable differentiation across products in the specification of issues/sub-issues which Database users have for their analyses. Consumer Response shared that the differentiation was, in part, due to the rollout of the consumer complaint products over time.

Prior to our study on this topic, Consumer Response undertook an initiative to review existing product issues and sub-issues to update them primarily for plain language, and we understand that Consumer Response now is planning updates to incorporate our feedback. Specifically, in the next iteration of the consumer complaint form, nearly all of the products except for the mortgage product will have issues and sub-issues for consumers to select, as relevant, and those issues and sub-issues will be reflected in the Database. For the mortgage product, we understand that Consumer Response plans to further consider what the impact of additional options would have on the ease of use of the consumer complaint form, the ability of consumers to select from more detailed sub-issue options, and the extent to which the addition of sub-issues would be helpful to Database users.

The Ombudsman will share further updates in our next report.

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## Systemic Reviews – Updates on Previous Reviews

This section provides updates on previous reviews.

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## CFPB Field Hearings: Feedback on the Process

Over time, CFPB stakeholders expressed concern to the Ombudsman that the CFPB does not provide enough lead time when announcing public events to allow interested parties to properly plan to attend. This has been a particular concern specifically regarding the CFPB's field hearings.

In FY2013, the Ombudsman conducted a systemic review on the CFPB's information-sharing on activities, events, and services, a review we reported on in our [2013 Annual Report to the Director](#). Within that review, we noted feedback we received from consumer and trade groups as well as financial entities, which included the amount of lead time provided when the CFPB announces public events. At the end of that review, we recommended that the CFPB provide more consistent and greater lead time when announcing these events.

In our update on that review in our [2014 Annual Report](#), we reported that, in FY2014, the CFPB worked to ensure such additional notice, including through providing an average of just under 14 days' notice prior to public events in that fiscal year.

In FY2015, we conducted a systemic review on the processes surrounding the CFPB's field hearings. In our [2015 Annual Report](#), we reported that consumer and industry groups recognized the Bureau's efforts to provide a minimum average of 14 days' notice of the date and location of field hearings, but that coordinating travel and logistics within that timeframe is costly. These groups requested additional lead time, over and above the 14 days, of at least the city and topic of field hearings to help determine who would be attending and allow for air travel arrangements.

In FY2016, the Office continued to hear feedback from a cross-section of stakeholders, including consumer groups, industry groups, and some CFPB employees, seeking additional lead time on the announcement of field hearings. Our office provided this feedback to the CFPB. The CFPB shared that the agency follows the generally accepted federal agency best practice of a 14-day advance notice for field hearings and public events. Further, the CFPB indicated that various logistical issues, including city selection and the time required to procure event space, present challenges to providing lead time greater than the 14 day window.

The Ombudsman's Office will continue to monitor the topic in the upcoming year. Should additional developments occur on this issue, we will share an update in a future report.

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## The Public Consumer Complaint Database: Defining Company Response Options

In the second half of FY2015, the Ombudsman heard concerns from industry groups and companies regarding the response categories that companies use to respond to consumer complaints. We considered both the use of the company response categories as well as the information that Consumer Complaint Database users have as they draw conclusions that may inform the marketplace.

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 Database users on [consumerfinance.gov](http://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 Ombudsman Forum.

Just after the close of FY2015, the Ombudsman recommended that the Office of Consumer Response: (1) provide an updated definition for a duplicate consumer complaint that is not, as the definition at that time required, a verbatim copy, or, in the alternative, share the verbatim definition of a duplicate on the Consumer Complaint Database webpage so Database users could adjust their calculations and analyses accordingly; (2) provide clarification to companies on how selection of substantive or administrative responses to consumer complaints determines if those complaints are published in the public Database, and (3) study the usage of the substantive and administrative response categories, together with the optional public response options, keeping in mind the high usage of certain response categories, such as the substantive response "Closed with Explanation" and the optional public response "Company chooses not to provide a public response." In March 2016, Consumer Response implemented our recommendations when it issued an updated Company Portal Manual that companies are to follow when responding to consumer complaints.

First, the March 2016 Manual provides an updated definition for a duplicate consumer complaint as “one submitted by or on behalf of the same consumer [that] does not describe or include any new issue, instance, or information”<sup>17</sup> so that a verbatim copy is no longer required. Within the online Company Portal itself, Consumer Response also added a new Frequently Asked Question in March of this year to highlight the updated definition. Since this change, and as of this writing, we have not heard any further about this issue and received fewer inquiries regarding duplicate consumer complaints this year than in FY2015.

The March 2016 Manual, as compared with previous versions, also provides a clearer distinction between the administrative and substantive company responses to consumer complaints. Specifically, the Manual now separates the substantive and administrative response categories into two distinct sections in the document and shares that “[c]omplaints that receive appropriate administrative responses are not published in the Consumer Complaint Database.”<sup>18</sup>

In addition to the changes mentioned above, Consumer Response also updated the definition for one of the optional public responses in its March 2016 Manual. Specifically, the category for when a company does not provide a public response now states the “[c]ompany has responded to the consumer and the CFPB and chooses not to provide a public response” rather than the previous “[c]ompany chooses not to provide a public response.”

Since implementation of these recommendations, companies as well as users of the Consumer Complaint Database have data that more accurately reflects what Consumer Response receives in individual consumer complaints.

The Ombudsman considers these recommendations closed.

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<sup>17</sup> CFPB Company Portal Manual, March 2016, p. 23.

<sup>18</sup> *Id.* at 22.

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# Going Forward

As in past years, we will continue to assist on individual inquiries that consumers, financial entities, consumer groups, trade groups, and others have regarding their CFPB interactions. We also will continue to review broader systemic issues, providing feedback and recommendations to the CFPB.

In the next few years, we plan to further expand our Ombudsman Forum program. We anticipate hosting one event with the associations of state government regulators and another event with compliance officers of CFPB supervised entities. In addition, we are exploring hosting future Ombudsman Forums with consumer groups and others with industry groups. As with our previous Forums, we look forward to these events to further inform our work as we provide feedback and recommendations to the Bureau.

In addition, we plan to pilot a new initiative, inspired by our Ombudsman Forum program, entitled “Ombudsman Interactives.” These sessions will consist of facilitated discussions conducted in a similar fashion to those at an Ombudsman Forum, but held onsite for attendees at consumer, trade, and other groups’ conferences. The Interactives will be available by request on a first-come first-served basis and subject to the Ombudsman’s budget and availability. We also look forward to the Interactives further informing our work as we provide feedback and recommendations to the CFPB.

Finally, in FY2017, we will be completing the implementation of our existing strategic plan 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. In standardizing our messaging of how we can serve as a resource, we will be sharing further about the terminology we use to identify our work, as shared earlier in this report. Upon completion of these strategic plan goals, next year we will be developing our third, two-year strategic plan to help guide us for the following two years.

As we explore new initiatives to assist both the people who reach us and the CFPB in the coming year, we look forward to hearing your suggestions at [CFPBOmbudsman@cfpb.gov](mailto:CFPBOmbudsman@cfpb.gov) or (855) 830-7880.

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[CFPBOmbudsman@cfpb.gov](mailto:CFPBOmbudsman@cfpb.gov)



[consumerfinance.gov/ombudsman](http://consumerfinance.gov/ombudsman)

**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.

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**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.

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

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**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.

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**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.