

MARCH 2013

Consumer Response Annual Report

JANUARY 1 – DECEMBER 31, 2012



Consumer Financial
Protection Bureau

Message from Richard Cordray

Director of the CFPB



On July 21, 2011, the Consumer Financial Protection Bureau (CFPB or Bureau) began consumer response operations as the nation's first federal agency specifically mandated to protect American consumers in the financial marketplace. As this report shows, our Office of Consumer Response (Consumer Response) has made great strides over the last year, expanding its capacity to receive complaints and answer questions from consumers.

Consumer Response began taking consumer complaints about credit cards on July 21, 2011 and, since then, has added the ability to accept complaints about mortgages, bank accounts and services, private student loans, other consumer loans, and credit reporting. We provide these services to consumers in more than 180 languages, and our contact centers answer calls with little-to-no wait time. We continue to work toward expanding our complaint handling to include other products and services under the Bureau's authority, such as money transfers, debt collection, and payday loans.

The CFPB aims to provide complaint handling services that are trusted by consumers and companies alike. We are making every effort to be accessible to the American public – from our toll-free phone number (where consumers can receive assistance submitting a complaint), to our website's "Tell Your Story" feature (where consumers can provide feedback about their experience with us), to our public Consumer Complaint Database (where consumers can access individual-level consumer complaint data).

We will continue to meet this challenge and to fulfill Congress's vision that we stand on the side of consumers to help improve their financial lives.

Sincerely,

A handwritten signature in blue ink that reads "Richard Cordray". The signature is fluid and cursive, with "Richard" on top and "Cordray" below it, both starting with a capital letter.

Richard Cordray

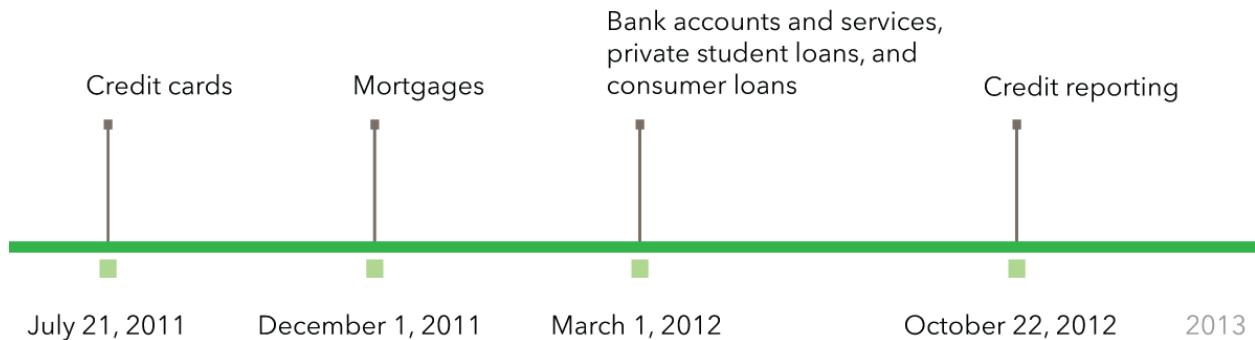
1. Introduction

The CFPB began consumer response operations on July 21, 2011 and became the first federal agency solely focused on consumer financial protection. The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”) created the Bureau to protect consumers of financial products or services and to encourage the fair and competitive operation of consumer financial markets. Collecting, investigating, and responding to consumer complaints¹ are integral parts of the CFPB’s work, as Congress set forth in the Dodd-Frank Act.² The Bureau’s Consumer Response team hears directly from consumers about the challenges they face in the marketplace, brings their concerns to the attention of companies, and assists in addressing their complaints.

Consumer Response began operations on July 21, 2011, accepting consumer complaints about credit cards. Consumer Response began handling mortgage complaints on December 1, 2011, and it began accepting complaints about bank accounts and services, private student loans, and other consumer loans on March 1, 2012. Most recently, on October 22, 2012, it began handling credit reporting complaints. The CFPB continues to work toward expanding its complaint handling to include other products and services under its authority, such as money transfers, debt collection, and payday loans. Consumers may also contact the CFPB about other products and services. The Bureau answers these questions and refers consumers to other regulators or additional resources as appropriate.

¹ Consumer complaints are submissions that express dissatisfaction with, or communicate suspicion of wrongful conduct by, an identifiable entity related to a consumer’s personal experience with a financial product or service.

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



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

Consumer Complaint Database



This contains data from the consumer credit card complaints received by the Consumer Financial Protection Bureau. We do not verify the accuracy of all facts alleged in these complaints, but we do take steps to confirm a commercial relationship between the consumer and the identified company.

Complaints are listed after the company responds or after they have had the complaint for 15 calendar days, whichever comes first. Complaints can be removed if they don't meet all of the policy statement's publication criteria. Data is refreshed daily.

Download, search, & visualize



www.consumerfinance.gov/complaintdatabase

Information about consumer credit card complaints is available to the public, through the CFPB's public [Consumer Complaint Database](#), launched on June 19, 2012.³ Initially populated with credit card complaints received by the CFPB on or after June 1, 2012, the database was expanded in October 2012 to include consumer credit card complaints dating back to December 1, 2011. In March 2013, the database was expanded to include data about mortgages, bank accounts and services, private student loans, and consumer loans, dating back to the date the Bureau first began to handle those complaints. A sub-product data field that shows consumer-

³ In December 2011, the CFPB asked the public to comment on a proposed policy of making some credit card complaint data publicly available. After considering those comments, the CFPB finalized its policy for disclosing some of the data through its Consumer Complaint Database (Policy Statement). See Disclosure of Certain Credit Card Complaint Data, 77 Fed. Reg. 37,558 (June 22, 2012).

selected detail about the product is also being added. A complaint is listed in the database after the company responds to the complaint or after the company has had the complaint for 15 calendar days, whichever comes first. Complaints can be removed if they do not meet all of the publication criteria.⁴

The database is live, updates daily, and contains certain individual complaint-level data collected by the CFPB, including the type of complaint, the date of submission, the consumer's zip code, and the company that the complaint concerns. The database also includes information about the actions taken by a company in response to a complaint – whether the company's response was timely, how the company responded, and whether the consumer disputed the company's response. The database does not include confidential information about consumers' identities. Web-based and user-friendly features of the database include the ability to: filter data based on specific search criteria; aggregate data in various ways, such as by complaint type, company, location, date, or any combination of available variables; and download data. Information from the database has been shared and evaluated on social media and using other new applications.

In the summer of 2012, the CFPB asked for public comment about adding complaints about other consumer financial products and services under its authority to the Consumer Complaint Database, and received a wide range of comments from interested stakeholders.⁵

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

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

⁴ See Disclosure of Certain Credit Card Complaint Data, 77 Fed. Reg. 37,558 (June 22, 2012).

⁵ In June 2012, the CFPB asked the public to comment on a proposed policy of duplicating the data disclosure practices described in the Policy Statement for consumer complaints about other consumer financial products and services within the Bureau's jurisdiction.

In keeping with the CFPB's statutory responsibility and its commitment to accountability, this report provides an overview of how Consumer Response handles complaints and presents an analysis of complaints received over the period from January 1 through December 31, 2012.⁶

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

⁶ This report addresses the reporting requirement of Dodd-Frank, Pub. L. No. 111-203, Section 1013(b)(3)(c).

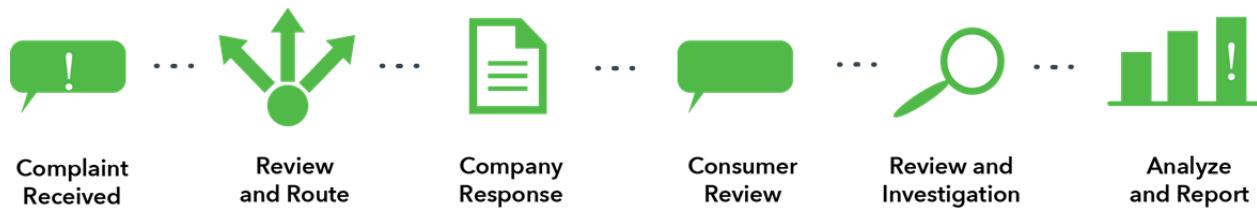
2. How the CFPB Handles Complaints

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

Consumer Response screens all complaints submitted by consumers based on several criteria. These criteria include whether the complaint falls within the CFPB's primary enforcement authority, whether the complaint is complete, and whether it is a duplicate of a prior submission by the same consumer. Screened complaints are sent via a secure web portal to the appropriate company.⁷ The company reviews the information, communicates with the consumer as needed, and determines what action to take in response. The company reports back to the consumer and the CFPB via the secure "company portal." The Bureau then invites the consumer to review the

⁷ If a particular complaint does not involve a product or market that is within the Bureau's jurisdiction or that is currently being handled by the Bureau, Consumer Response refers it to the appropriate regulator.

response and provide feedback. Consumer Response reviews the feedback consumers provide about company responses, using this information along with other information such as the timeliness of the company's response,⁸ for example, to help prioritize complaints for investigation. Consumers who have submitted complaints with the Bureau can log onto the secure "consumer portal" available on the CFPB's website or call a toll-free number to receive status updates, provide additional information, and review responses provided to the consumer by the company.



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

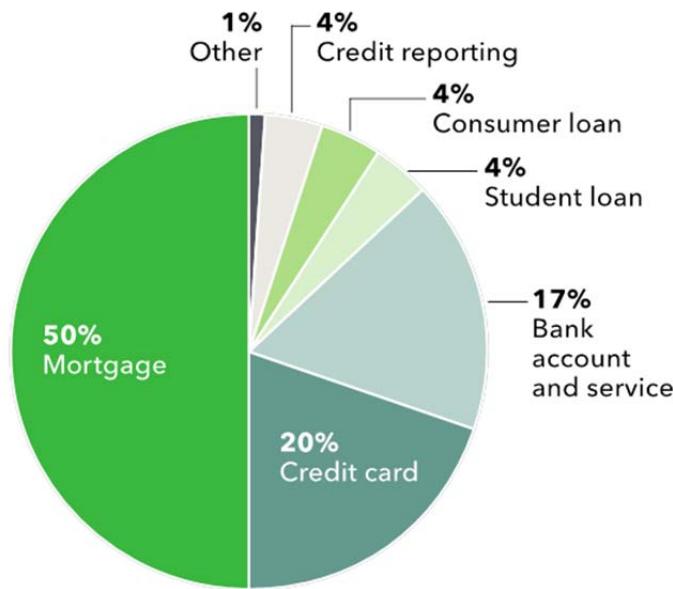
⁸ The CFPB requests that companies respond to complaints within 15 calendar days. If a complaint cannot be closed within 15 calendar days, a company may indicate that its work on the complaint is "In progress" and provide a final response within 60 calendar days.

3. Results

3.1 How complaints reach the CFPB

Between January 1, 2012 and December 31, 2012, the CFPB received approximately 91,000 consumer complaints.⁹

FIGURE 1: CONSUMER COMPLAINTS BY PRODUCT



⁹ This analysis excludes multiple complaints submitted by a given consumer on the same issue and whistleblower tips. All data are current as of January 1, 2013. Since launching its Consumer Response operations on July 21, 2011, the CFPB has received approximately 104,000 consumer complaints.

Approximately 46 % of all consumer complaints were submitted through the CFPB's website and 9 % via telephone calls. Referrals accounted for 34 % of all complaints received. The rest were submitted by mail, email, and fax.

The tables and figures presented below show complaints by type, actions taken, company responses, and consumers' feedback about company responses.¹⁰

3.2 Consumers' credit card complaints

Table 1 shows the most common types of credit card complaints that the CFPB has received as reported by consumers. Sixty-seven percent of the approximately 18,600 credit card complaints fell into these ten categories.

TABLE 1: MOST COMMON CREDIT CARD COMPLAINTS REPORTED BY CONSUMERS

Complaint	%
Billing disputes	14%
Annual Percentage Rate (APR) or interest rate	10%
Credit reporting	8%
Identity theft/Fraud/Embezzlement	7%
Closing/Cancelling account	6%
Collection practices	5%
Other	5%
Late fee	4%
Credit card protection/Debt protection	4%
Collection debt dispute	4%
Credit Card Complaints in Top 10 Types	67%

¹⁰ Percentages may not sum to 100 percent due to rounding.

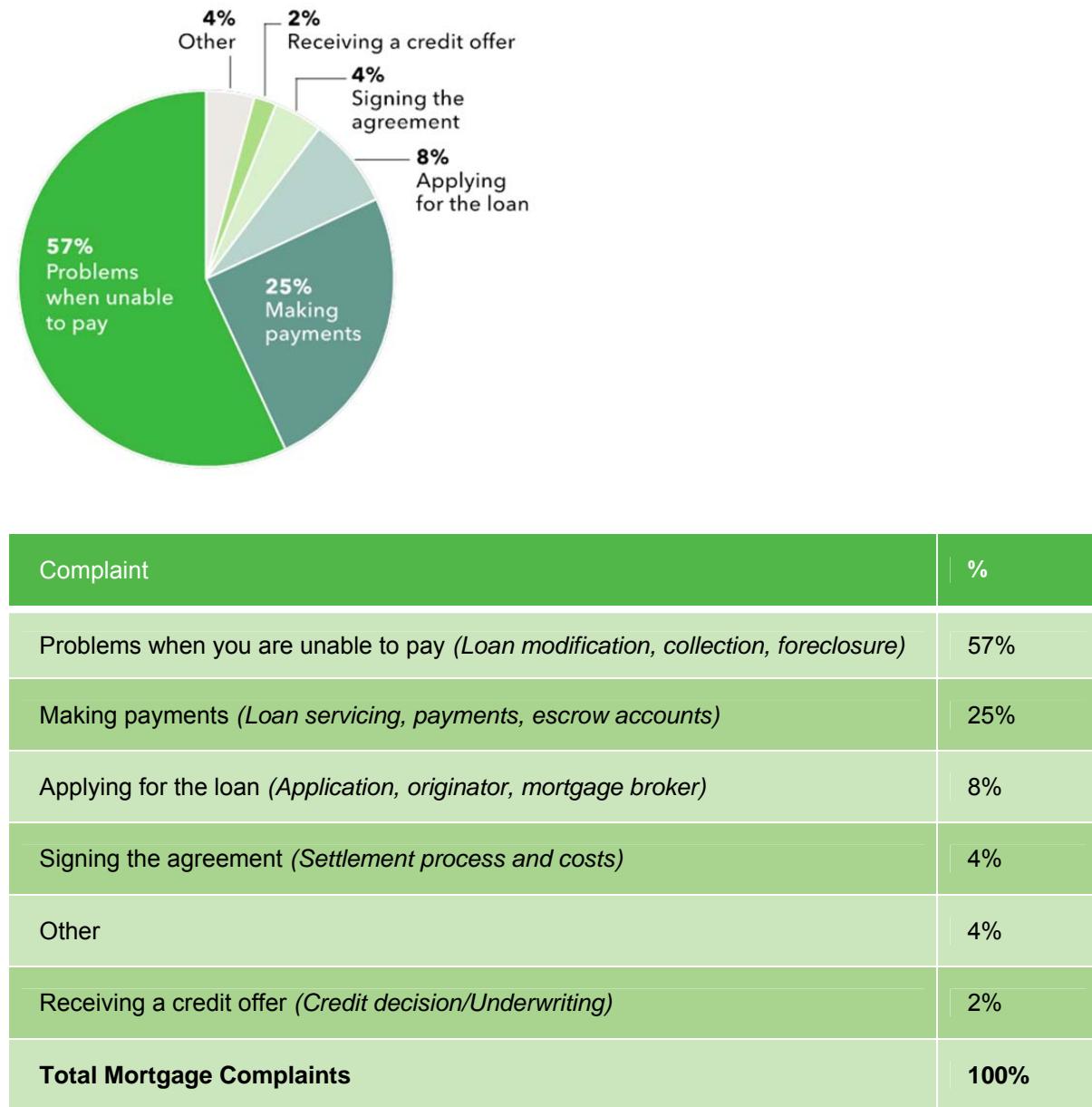
As the table illustrates, billing disputes are the most common type of credit card complaint. Some consumers are confused and frustrated by the process and by their limited ability to challenge inaccuracies on their monthly credit card billing statements. For example, some consumers realize only after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

The CFPB generally has relied on the consumer's characterization of his or her complaint to identify its nature for analytical purposes. However, the CFPB's experience to date suggests that consumers may often have differing interpretations of what these categories mean. For example, one consumer might choose to categorize a problem as a billing dispute, while another might identify the same issue as a concern with a provider's setting or changing of an interest rate. To improve our reporting on the data we receive, the Bureau is evaluating the use of these categories by consumers to date and developing a simplified categorization scheme to promote more consistent categorization of complaints.

3.3 Consumers' mortgage complaints

Figure 2 shows the types of mortgage complaints as reported by consumers for the approximately 45,200 mortgage complaints received by the CFPB.

FIGURE 2: TYPES OF MORTGAGE COMPLAINTS REPORTED BY CONSUMERS



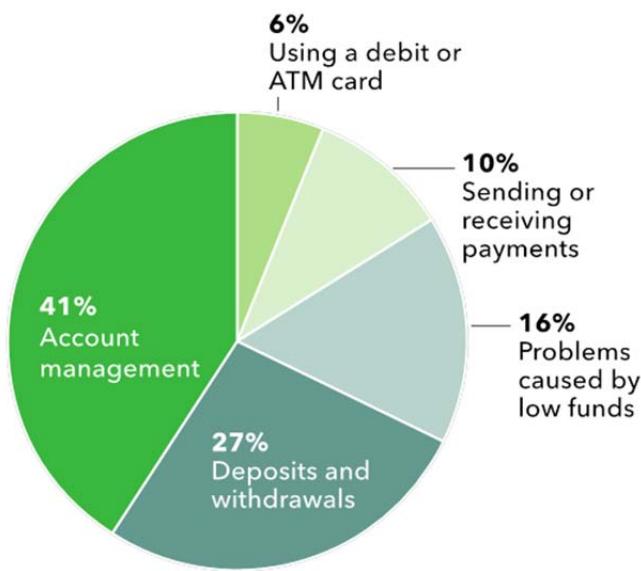
The most common type of mortgage complaint concerns problems consumers face when they are unable to make payments, such as loan modifications, collections, or foreclosures. Consumers who have submitted these complaints generally appear to be driven by a desire to seek agreement with their companies on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

Other common types of mortgage complaints address issues related to making payments, such as loan servicing, payments, or escrow accounts. For example, consumers express confusion about whether making timely trial period payments will guarantee placement into a permanent modification. Issues related to applying for the loan, such as the application, the originator, or the mortgage broker, are also among the most common types of mortgage complaints.

3.4 Consumers' bank account and service complaints

Figure 3 shows the types of bank account and service complaints, such as complaints about checking and savings accounts, as reported by consumers for the approximately 15,700 complaints received by the CFPB.

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



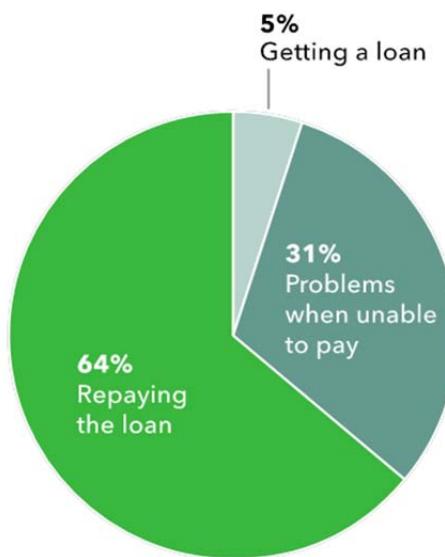
Complaint	%
Account opening, closing, or management (<i>Confusing marketing, denial, disclosure, fees, closure, interest, statements, joint accounts</i>)	41%
Deposits and withdrawals (<i>Availability of deposits, withdrawal problems and penalties, unauthorized transactions, check cashing, payroll deposit problems, lost or missing funds, transaction holds</i>)	27%
Problems caused by my funds being low (<i>Overdraft fees, late fees, bounced checks, credit reporting</i>)	16%
Making or receiving payments, sending money to others (<i>Problems with payments by check, card, phone or online, unauthorized or fraudulent transactions, money/wire transfers</i>)	10%
Using a debit or ATM card (<i>Disputed transaction, unauthorized card use, ATM or debit card fees, ATM problems</i>)	6%
Total Bank Account and Service Complaints	100%

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

3.5 Consumers' private student loan complaints

Figure 4 shows the types of student loan complaints as reported by consumers for the approximately 3,900 student loan complaints received by the CFPB.

FIGURE 4: TYPES OF STUDENT LOAN COMPLAINTS REPORTED BY CONSUMERS



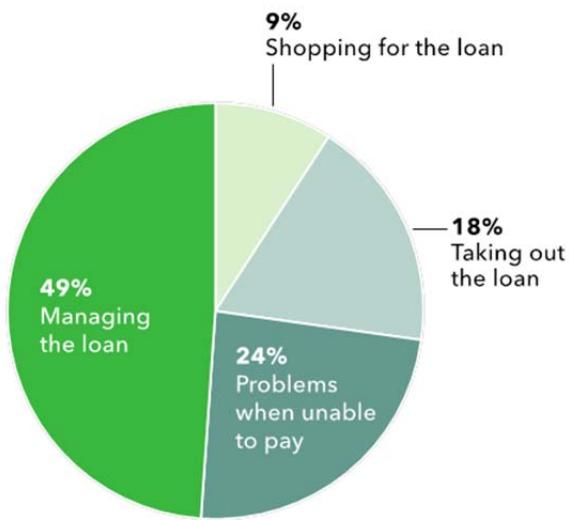
Complaint	%
Relying your loan (<i>Fees, billing, deferment, forbearance, fraud, credit reporting</i>)	64%
Problems when you are unable to pay (<i>Default, debt collection, bankruptcy</i>)	31%
Getting a loan (<i>Confusing terms, rates, denial, confusing advertising or marketing, sales tactics or pressure, financial aid services, recruiting</i>)	5%
Total Student Loan Complaints	100%

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

3.6 Consumers' consumer loan complaints

Figure 5 shows the types of consumer loan complaints, such as complaints about installment loans, vehicle loans and leases, and personal lines of credit, as reported by consumers for the approximately 3,200 consumer loan complaints received by the CFPB.

FIGURE 5: TYPES OF CONSUMER LOAN COMPLAINTS REPORTED BY CONSUMERS



Complaint	%
Managing the loan, lease, or line of credit (<i>Billing, late fees, damage or loss, insurance (GAP, credit, etc.), credit reporting, privacy</i>)	49%
Problems when you are unable to pay (<i>Debt collection, repossession, set-off from bank account, deficiency, bankruptcy, default</i>)	24%
Taking out the loan or lease / Account terms and changes (<i>Term changes (mid-deal changes, changes after closing, rates, fees, etc.), required add-on products, trade-in payoff, fraud</i>)	18%
Shopping for a loan, lease, or line of credit (<i>Sales tactics or pressure, credit denial, confusing advertising or marketing</i>)	9%
Total Consumer Loan Complaints	100%

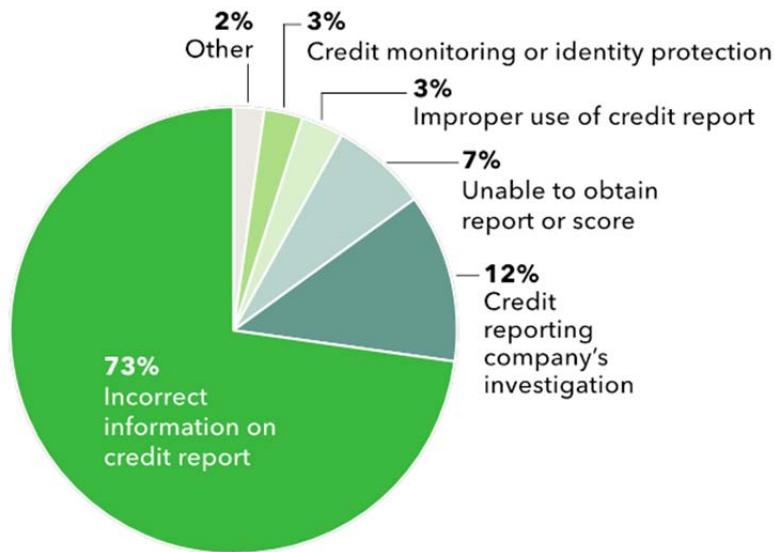
The table illustrates that the most common type of consumer loan complaint pertains to managing the loan, lease, or line of credit. Another common type of complaint addresses

problems consumers have when they are unable to pay, including issues related to debt collection, bankruptcy, and default.

3.7 Consumers' credit reporting complaints

Figure 6 shows the types of credit reporting complaints, as reported by consumers for the approximately 3,300 credit reporting complaints received by the CFPB.¹¹

FIGURE 6: TYPES OF CREDIT REPORTING COMPLAINTS REPORTED BY CONSUMERS



Complaint	%
Incorrect information on credit report (<i>Information is not mine, Account terms, Account status, Personal information, Public record, Reinserted previously deleted information</i>)	73%
Credit reporting company's investigation (<i>Investigation took too long, Did not get proper notice of investigation status or results, Did not receive adequate help over the phone, Problem with statement of dispute</i>)	12%

¹¹ Consumer Response began handling credit reporting complaints on October 22, 2012.

Unable to get my credit report or credit score (<i>Problem getting free annual report, Problem getting report or credit score</i>)	7%
Improper use of my credit reporting (<i>Report improperly shared by credit reporting company, Received marketing offers after opting out, Report provided to employer without written authorization</i>)	3%
Credit monitoring or identity protection services (<i>Problem cancelling or closing account, Billing dispute, Receiving unwanted marketing or advertising, Account or product terms and changes, Problem with fraud alerts</i>)	3%
Other	2%
Total Credit Reporting Complaints	100%

This table illustrates that the most common type of credit reporting complaint is about incorrect information appearing on the consumer's credit report, such as information that is not the consumer's, incorrect account status and incorrect personal information. Another common type of complaint is about issues with credit reporting companies' investigation of information disputed by consumers.

3.8 How companies respond to consumer complaints

Approximately 75,400 (or 83%) of all complaints received between January 1, 2012 and December 31, 2012 were sent by Consumer Response to companies for review and response.¹² Table 2 shows how companies responded to these complaints during this time period.

Company responses include descriptions of steps taken or that will be taken, communications received from the consumer, any follow-up actions or planned follow-up actions, and categorization of the response. Based on industry comments received about disclosure of credit

¹² The remaining complaints have been referred to other regulatory agencies (11%), found to be incomplete (3%), or are pending with the consumer or the CFPB (1% and 3%, respectively).

card complaint data, beginning June 1, 2012, response category options included “closed with monetary relief,” “closed with non-monetary relief,” “closed with explanation,” “closed,” “in progress,” and other administrative options. Monetary relief is defined as objective, measurable, and verifiable monetary relief to the consumer as a direct result of the steps taken or that will be taken in response to the complaint. “Closed with non-monetary relief” indicates that the steps taken by the company in response to the complaint did not result in monetary relief to the consumer that is objective, measurable, and verifiable, but may have addressed some or all of the consumer’s complaint involving non-monetary requests. Non-monetary relief is defined as other objective and verifiable relief to the consumer as a direct result of the steps taken or that will be taken in response to the complaint. “Closed with explanation” indicates that the steps taken by the company in response to the complaint included an explanation that was tailored to the individual consumer’s complaint. For example, this category would be used if the explanation substantively meets the consumer’s desired resolution or explains why no further action will be taken. “Closed” indicates that the company closed the complaint without relief – monetary or non-monetary – or explanation. Consumers are given the option to review and dispute all company closure responses.

Companies have responded to approximately 95% of complaints¹³ sent to them and report having closed 90% of the complaints sent to them. Table 2 shows how companies have responded.

¹³ Approximately 71,300 of 75,400.

TABLE 2: HOW COMPANIES HAVE RESPONDED TO CONSUMER COMPLAINTS¹⁴

	All	Credit card	Mortgage	Bank account and service	Student loan	Consumer loan	Credit reporting
N ≈	75,400	15,700	39,500	13,000	2,900	2,100	2,000
Company reported closed with monetary relief	15%	29%	5%	28%	7%	12%	1%
Company reported closed with non-monetary relief	9%	8%	10%	5%	11%	9%	16%
Company reported closed with explanation	65%	56%	72%	57%	71%	66%	59%
Company reported closed (without relief or explanation)	2%	1%	2%	3%	1%	4%	0%
Company provided administrative response	3%	2%	3%	3%	2%	2%	1%
Company reviewing	7%	4%	8%	5%	8%	8%	23%
Total Complaints	100%	100%	100%	100%	100%	100%	100%

Beginning December 1, 2011, companies had the option to report an amount of monetary relief, where applicable. In 2012, companies have provided relief amounts in response to more than

¹⁴ While companies' responses under previous categorizations were maintained, for operational and reporting purposes, responses categorized as "full resolution provided," "partial resolution provided," and "closed with relief" are considered a subset of "closed with monetary relief," and responses categorized as "no resolution provided" and "closed without relief" are categorized as "closed with explanation." "Closed with non-monetary relief" and "closed" reflect only those responses provided by companies after June 1, 2012.

9,300 complaints. The median amount of relief reported by companies was \$145; however, company reports of relief amounts and medians vary by product. For the approximately 4,100 credit card complaints where companies provided a relief amount, the median amount of relief reported was approximately \$123. For the approximately 1,400 mortgage complaints where companies provided a relief amount, the median amount of relief reported was approximately \$413. For the more than 3,300 bank account and service complaints where companies provided a relief amount, the median amount of relief reported was approximately \$105. For the approximately 200 student loan complaints where companies provided a relief amount, the median amount of relief reported was approximately \$1,307. For the approximately 200 consumer loan complaints where companies provided a relief amount, the median amount of relief reported was approximately \$174.

3.9 Consumers' reviews of companies' responses

Once the company responds, the CFPB provides the company's response to the consumer for review. Where the company responds "closed with monetary relief," "closed with non-monetary relief," "closed with explanation," or "closed," consumers are given the option to provide feedback on the company's response. Table 3 shows how consumers responded to the approximately 68,000 complaints where they were given the option to provide feedback.

Consumers are asked to notify the CFPB within 30 days if they want to provide feedback by disputing a company's response. Approximately 61% of such consumers did not dispute the responses provided, while approximately 22% of consumers did dispute the responses provided. The rest were pending with consumers at the end of this period.

TABLE 3: CONSUMER FEEDBACK ABOUT COMPANY RESPONSES

	All	Credit card	Mortgage	Bank account and service	Student loan	Consumer loan	Credit reporting
Consumer did not dispute company's response	61%	67%	59%	64%	67%	57%	21%
Consumer disputed company's response	22%	20%	24%	21%	19%	24%	20%
Pending consumer review of company's response	17%	14%	17%	16%	14%	19%	59%
Total Complaints	100%	100%	100%	100%	100%	100%	100%

3.10 Consumer Response investigation and analysis

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

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