

OCTOBER 10, 2012

# Consumer Response: A Snapshot of Complaints Received

# Introduction

The Consumer Financial Protection Bureau (“CFPB” or “Bureau”) began consumer response operations on July 21, 2011 and became the first federal agency solely focused on consumer financial protection. The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”) created the Bureau to protect consumers of financial products or services and to encourage the fair and competitive operation of consumer financial markets. Taking in, resolving, and analyzing consumer complaints is an integral part of the CFPB’s work, as Congress set forth in the Dodd-Frank Act. 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 financial institutions, and assists in addressing their complaints.

The Consumer Response team began taking consumer complaints about credit cards on July 21, 2011; it 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. Additionally, the CFPB’s public Consumer Complaint Database was launched on June 19, 2012 to bring more transparency and efficiency to the marketplace.

Over the next year, the CFPB expects to handle consumer complaints on all products and services under its authority. In the meantime, consumers may contact the CFPB about products and services beyond those listed above. The Bureau answers these inquiries by referring consumers to other regulators or additional resources where appropriate.

This snapshot report provides an overview of how Consumer Response handles complaints and presents an analysis of complaints received over the period from July 21, 2011 through September 30, 2012.

# How the CFPB handles complaints

The CFPB accepts complaints through its website and by telephone, mail, email, fax, and referral from other agencies. The CFPB's U.S.-based contact centers handle calls with little-to-no wait times; they provide services to consumers in more than 180 languages and to hearing- and speech-impaired consumers 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, or 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. The company reviews the information, communicates with the consumer as needed, and determines what action to take in response. The company reports back to the consumer and the CFPB via the secure "company portal." The Bureau then invites the consumer to review the response. Consumer Response prioritizes for review and investigation complaints in which the consumer disputes the response or where companies fail to provide a timely response. Consumers can log onto the secure "consumer portal" available on the CFPB's website or call the toll-free number to receive status updates, provide additional information, and review responses provided to the consumer by the company. Throughout this process, Consumer Response is supported by CFPB colleagues who provide subject matter expertise and help monitor complaints involving certain groups.

# Results

## HOW COMPLAINTS REACH THE CFPB

From July 21, 2011 through September 30, 2012, the CFPB received approximately 79,200 consumer complaints, including approximately 23,400 credit card complaints, 36,300 mortgage complaints, 12,900 bank accounts and services complaints, and 2,900 private student loan complaints.

Approximately 45 percent of all complaints were submitted through the CFPB's website and 10 percent via telephone calls. Referrals from other regulators and agencies accounted for 37 percent of all complaints received. The rest were submitted by mail, email, and fax.

More than 65,100 complaints (82 percent) of complaints received as of September 30, 2012 have been sent by Consumer Response to companies for review and response. The remaining complaints have been referred to other regulatory agencies (10 percent), found to be incomplete (4 percent), or are pending with the consumer or the CFPB (4 percent). Companies have already responded to approximately 61,300 complaints or 94 percent of the complaints sent to them for response.

Once the company responds, the CFPB provides this response to the consumer for review. Consumers are given the option to dispute responses indicating a resolution has been provided or that the company has closed the complaint with or without relief. Consumers are asked to notify the CFPB within 30 days if they want to dispute a company's response. Consumers have disputed approximately 12,000 company responses (21 percent) to complaints.

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

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

## **CONSUMERS' CREDIT CARD COMPLAINTS**

Billing disputes are the most common type of credit card complaints. Some consumers are confused and frustrated by the process and limits of challenging inaccuracies on their monthly credit card billing statements. For example, some consumers only realize that they needed to notify their credit card companies within 60 days of any billing errors after their claim has been denied. 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 are those about annual percentage rates or interest rates and identity theft, fraud, or embezzlement.

Approximately 19,600 (84 percent) of credit card complaints have been sent by Consumer Response to companies for review and response. The remaining credit card complaints have been referred to other regulatory agencies (8 percent), found to be incomplete (6 percent), or are pending with the consumer or the CFPB (4 percent). Companies have already responded to approximately 18,900 complaints or 97 percent of the complaints sent to them for response. Since December 2011, companies have also had the option of reporting the amount of monetary relief, if any. The median amount of relief reported was approximately \$126 with \$25 being the most common amount of relief for the approximately 3,700 credit card complaints where companies reported relief. Consumers have disputed approximately 3,100 company responses (18 percent) to credit card complaints.

## **CONSUMERS' MORTGAGE COMPLAINTS**

The most common type of mortgage complaint is about problems consumers have when they are unable to pay, such as issues related to loan modifications, collection, or foreclosure. For example, 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. Though 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. This seems to contribute to consumer fatigue and frustration with these processes.

Other common types of mortgage complaints are those about making payments, such as issues related to 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 type of mortgage complaints.

Consumers filing complaints about problems when they are unable to pay generally appear to be driven by a desire to seek agreement with their companies on foreclosure alternatives.

Approximately 31,300 (86 percent) of mortgage complaints have been sent by Consumer Response to companies for review and response. The remaining mortgage complaints have been referred to other regulatory agencies (9 percent), found to be incomplete (3 percent), or are pending with the consumer or the CFPB (3 percent). Companies have already responded to approximately 29,000 complaints or 93 percent of the complaints sent to them for response. The median amount of monetary relief reported was approximately \$415 for the approximately 1,200 mortgage complaints where companies reported relief. Consumers have disputed approximately 6,300 company responses (23 percent) to mortgage complaints.

## **CONSUMERS' BANK ACCOUNT AND SERVICE COMPLAINTS**

The most common type of bank account and service complaint is about opening, closing, or managing the account such as confusing marketing, denial, fees, statements, and joint accounts. Other common types of complaints include those about deposit and withdrawal issues such as transaction holds unauthorized transactions, and problems caused by the consumer's funds being low such as 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 with the order in which companies process account withdrawals because of the number of overdraft fees charged when larger transactions are processed before smaller ones.

Approximately 10,300 (86 percent) of bank account and service complaints have been sent by Consumer Response to companies for review and response. The remaining bank account and service complaints have been referred to other regulatory agencies (11 percent), found to be incomplete (3 percent), or are pending with the consumer or the CFPB (5 percent). Companies have already responded to approximately 9,800 complaints or 95 percent of the complaints sent to them for response. The median amount of monetary relief reported was approximately \$105 for the approximately 2,500 bank account and service complaints where companies reported relief. Consumers have disputed approximately 1,900 company responses (20 percent) to bank account and service complaints.

## **CONSUMERS' PRIVATE STUDENT LOAN COMPLAINTS**

The most common type of private student loan complaint is about 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 need to start paying back their loans and because deferments often are for no more than six months.

Another common type of complaint is about problems consumers have when they are unable to pay, such as issues related to default, debt collection, and bankruptcy.

Approximately 2,200 (77 percent) private student loan complaints have been sent by Consumer Response to companies for review and response. The remaining private student loan complaints have been referred to other regulatory agencies (17 percent), found to be incomplete (3 percent), or are pending with the consumer or the CFPB (4 percent). Companies have already responded to approximately 2,100 complaints or 93 percent of the complaints sent to them for response. Companies have reported relief in response to approximately 140 private student loan complaints. Consumers have disputed approximately 400 company responses (18 percent) to private student loan complaints.

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

### **CFPB CONSUMER RESPONSE CONTACT INFORMATION:**

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

Toll-free telephone number:

1-855-411-CFPB (2372)

(8 a.m. to 8 p.m. EST, Monday through Friday)

TTY/TDD telephone number:

1-855-729-CFPB (2372)

Mail: Consumer Financial Protection Bureau

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