WOODSTOCK INSTITUTE

Advancing Economic Security and Community Prosperity

Acting Director Mick Mulvaney
Consumer Financial Protection Bureau/
Bureau of Consumer Financial Protection
1700 G St., N.W.
Washington, DC 20552

Docket # - CFPB -2018-0006

Re: CFPB RFI # 6 - Request for Information Regarding Bureau Public Reporting Practices of Consumer Complaint Information

June 4, 2018

Dear Acting Director Mulvaney:

We write to express our support for the Consumer Financial Protection Bureau's (CFPB) public complaint process and to respond to the CFPB Request for Information (RFI) on the public reporting of consumer complaint information.

This RFI is one of a litany of RFIs that have been issued since you became Acting Director. The number of RFIs and their frequency is overly burdensome to small not-for-profits like Woodstock. Industry, with its greater resources in terms of staff and otherwise, is far more capable than the consumer advocacy community in developing thorough responses to this flood of RFIs. The amount of time and attention required to try to address the flood of RFIs has diverted scarce nonprofit resources that might otherwise be spent on other issues like the gutting of Dodd-Frank or the multitude of Congressional efforts to repeal agency rulemakings through the Congressional Review Act. The information provided through this RFI-process will be inherently skewed in industry's favor simply because it has the necessary resources to create an official record reflecting its position. Accordingly, at the end of the day, the official record that will have been established through this process is not an accurate reflection of the variety and force of opinions on the many issues covered by the RFIs. We anticipate the need to raise objections insofar as this process is used to back off enforcement, lessen oversight, or gut the CFPB itself.

Turning to the subject of this particular RFI, as the sole federal financial regulator created for the purpose of consumer financial protection, the Bureau has rightly developed a robust complaint process that includes access to a public complaint database to meet its consumer protection mandate.

The public complaint database is a tool that empowers individuals to inform and protect themselves in the marketplace. It helps consumers make more informed choices as to where to take their business and creates incentives for companies to treat their customers fairly. It helps both consumers and businesses resolve problems when they arise and helps the market reward good products and services by providing consumers with the ability to publicly share their experiences. The complaint database also allows companies to identify and correct problems on their own without the impetus of a new rule or enforcement action. This feature, in particular, should be seen as a positive for those with a conservative, anti-regulation philosophy.

It is in both the public's and government's best interest – and a key part of the CFPB's mission-- to use data to provide the public with "timely and understandable information to make responsible decisions about financial transactions."[1] Access to information is one of the underlying principles of a free society, and is an element of both free speech and free press. Government censorship or the withholding of information is anathema to democracy.

Providing consumers access to a public complaint database also fulfills the Bureau's obligations to protect consumers from unfair, deceptive, or abusive acts and practices and from discrimination[2] and identify risks to consumers in the "collecting, researching, monitoring, and *publishing* (of) information relevant to the functioning of markets for consumer financial products and services."[3]

Usefulness of complaint reporting and analysis

The CFPB's public database – with first-hand details of consumers' financial complaints -- provides a highly valuable tool for consumers who want to prevent problems, identify harmful business practices, and learn whether a company has a good record of resolving complaints. Complaint specifics are only available after complainants choose to share their personal dispute in the public database. No personally identifiable information is shared publicly.

Database users can review the narrative details of a complaint to put the issues in context and allow the public to assess the validity of a complaint and draw their own conclusions. Examining complaint narratives provides consumers with critical information about the specific grievances people experience.

The CFPB's process facilitates responses to individual complaints, which helps to hold companies accountable. The fact that the complaint database is available to the public is the deterrent some companies need to address complaints they would

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[1] Dodd-Frank Section 1021
[2] Ibid.
[3] Ibid.

otherwise ignore or delay, and the impetus for other firms to resolve complaints, where possible.

Demand for the complaint database continues to grow. As a forthcoming Woodstock Institute report analyzing complaint data from Illinois shows, the number of complaints filed in Illinois has steadily increased each year since the database's creation. Furthermore, the database allows customers, researchers, and regulators the ability to analyze troubling patterns in complaint data. For example, analysis of data for Illinois shows high levels of credit reporting complaints corresponding with data breaches.

Suggestions to improve the complaint process

- **We urge the Bureau to expand the use of the complaint feedback process to include public access.** The collection of feedback on the *outcome* of complaints would allow consumers to better understand how companies respond to complaints, and allow businesses to more accurately measure customer service performance.

- **All complaints should be listed by the specific company the consumer complained about.** The Bureau should list each complaint in the public database by the company name used by the consumer in the complaint, not only by the parent company's name.

- **Complaint resolution details should be publicly reported**. The Bureau should make it possible for consumers to see how individual companies are handling the complaints they receive in the database. A company "snapshot" could include an overview of complaint relief. Resolutions should be broken down by monetary relief (dollar amounts received) and type of complaint filed. Non-monetary relief should report a company's specific actions, such as "Error removed from credit bureau records."

- **Complaint explanation details should be publicly reported**. The vast majority of consumers receive a private explanation in response to their complaints. Companies are required to provide complainants with *tailored* responses, rather than a vague reply. Details from company explanations should be transparent to the public and reported by the Bureau in summary form in a special report.

It is essential that the CFPB not retreat from its core mission to protect and inform consumers and to make our financial markets more fair, accountable, transparent and competitive.

The CFPB consumer complaint database allows consumers to make better financial choices and encourages firms to improve their customer service and take notice of competitors' practices that they should avoid. We urge the Bureau to maintain public access to the consumer complaint database.

Sincerely,

WOODSTOCK INSTITUTE

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