WOODSTOCK INSTITUTE

Advancing Economic Security and Community Prosperity

Policy Brief: The CFPB Consumer Complaint Database

A Snapshot of Complaints from Illinois

Executive Summary

This policy brief looks at the Consumer Financial Protection Bureau's (CFPB) online consumer complaint database and compares Illinois complaints by issue and product with the national complaint data. Using data from the CFPB's July 2013 report and Illinois complaint data from June of 2011 through August 15, 2013, this brief looks at how consumers submitted complaints to the CFPB, which financial products received the most complaints, what the biggest issues were under each broad category of complaint, and which financial institutions received the most complaints. The key findings were:

- Illinois residents submitted 4,651 complaints to the CFPB complaint database website, nearly half of which (48 percent) were related to mortgages;
- Credit card complaints accounted for 20 percent of complaints submitted by Illinois residents, and the two biggest issues were billing disputes (13 percent) and APR or interest rate issues (11 percent);
- Complaints related to bank accounts or services made up 18 percent of the total and over two-thirds of those focused on opening/closing/managing an account (40 percent) or deposits and withdrawals (29 percent);
- The CFPB sent Illinois complaints to 147 different financial institutions or companies, but roughly half of those went to five major banks, including Bank of America (773), Chase (576), Citi (366), Wells Fargo (359), and Capital One (256).

Following the analysis of complaints submitted by Illinois residents, we provide five policy recommendations to improve and expand the existing complaint database:

- Add complaints related to high-cost loan products, including payday, installment, and auto title loans;
- Allow the consumer to include a narrative, anonymously if the consumer chooses, with each complaint file;
- Include company response narratives, and consumer dispute narratives when applicable, to each complaint file, edited to preserve the privacy of the consumer;
- Collect and disseminate data that allows for fair lending analysis; and
- Aggregate the data at the smallest geography possible consistent with the need to protect the privacy of the consumer.

Introduction

The Consumer Financial Protection Bureau (CFPB), created as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act in 2010, was formed to protect consumers using financial products, monitor financial markets, and enforce federal consumer protection laws.[1] To fulfill its obligation to address consumer complaints, the CFPB established the Office of Consumer Response to receive complaints from consumers, relay them to financial institutions, and assist in resolving or addressing the issues or concerns raised in the complaints.[2]

The Office of Consumer Response began making complaints public via its consumer complaint database in June 2012. The database includes: credit card complaints dating back to June 2011; mortgages complaints dating back to December 2011; bank accounts and services, private student loans, and consumer loans dating back to March 2012; credit reporting issues dating back to October 2012; money transfer issues dating back to April 2013; and debt collection issues dating back to July 2013.

In July 2013, the CFPB released a report providing a national look at consumer complaints through June, 2013. Of the 176,700 complaints received, mortgage complaints, credit card complaints, and bank account and service complaints accounted for over 80 percent of the total. The CFPB received 48 percent of the complaints through its website and an additional 30 percent through referrals from other agencies and regulatory bodies. The CFPB forwarded some of the complaints to companies for review and response, and the companies responded to 95 percent of those complaints.

The following section provides an explanation of how the complaint database works, followed by a snapshot of complaints from Illinois residents through August 15, 2013, separating complaints by category, the most frequent consumer issues within each category, and financial institutions that received the most complaints. The distribution of complaints from Illinois residents among the categories is compared to the national distribution to show the similarities and differences between them. Following the analysis, we offer five policy recommendations for the CFPB to expand upon the types of complaints that it collects and publishes, and the information it includes in the database.

How the Consumer Complaint Database Works

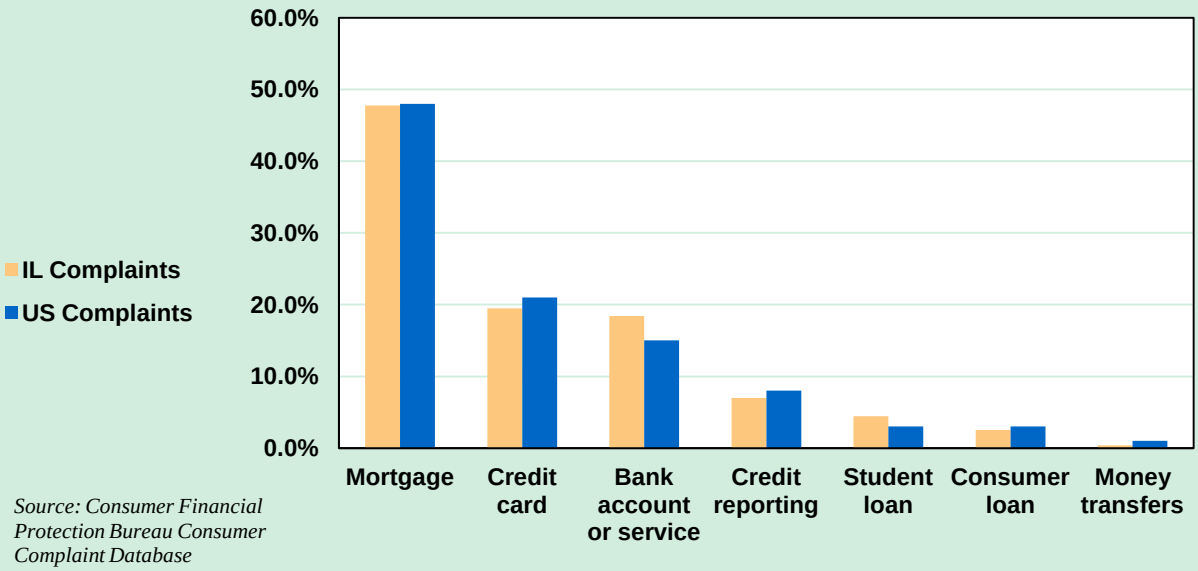
The Office of Consumer Response screens complaints received by consumers to determine whether the complaint falls within the CFPB's jurisdiction, is original (as opposed to a duplicate), and complete. If the complaint meets these criteria, it is sent to the appropriate financial institution or company via a secure web portal. The company reviews the complaint, works with the consumer, if necessary, and determines how it will respond or resolve the complaint. The company communicates its response to the CFPB and the consumer. The consumer then reviews the response and provides feedback. The CFPB uses this process to assist consumers in resolving issues, to determine what issues warrant further investigation, and to detect patterns in institutions' behavior towards consumers. Complete consumer complaints are shared with the public via the Consumer Complaint Database after a company has responded or within 15 days of sharing the complaint with a company, whichever is sooner. Complaints that do not meet the screening criteria are not included in the database.

[1] CFPB Website. "Creating the Consumer Financial Protection Bureau." www.consumerfinance.gov
[2] CFPB. *Consumer Response: A Snapshot of Complaints Received.* July 2013.

Illinois Snapshot: CFPB Complaints by Product and Issue

Between the time the CFPB first began collecting complaints in June, 2011 and August 15, 2013, Illinois residents filed 4,651 complaints that met the screening criteria. Figure 1, below, shows the percentage of complaints by topic from Illinois and nationally. Illinois residents submitted 2,222 mortgage complaints, accounting for nearly half of all complaints (48 percent). Complaints about credit card and bank account issues made up 20 percent (906 complaints) and 18 percent (856 complaints) of the total, respectively. Credit reporting, student loan, and consumer loan complaints make up the remainder. Illinois residents submitted only 18 consumer complaints about money transfers and no complaints about debt collection, but these categories were only added to the database this spring, and so it is likely that more complaints on these issues will be submitted in the future. The distribution of complaints by Illinois residents is similar to the national distribution. Mortgage complaints made up 49 percent, credit card complaints 21 percent, and bank account and servicing issues 15 percent of complaints nationally. Bank account complaints and student loan complaints were a slightly higher percentage of Illinois' total than they were nationally, while credit card complaints, consumer loan complaints, and money transfer complaints accounted for a slightly smaller percentage of the total in Illinois than they did nationally.

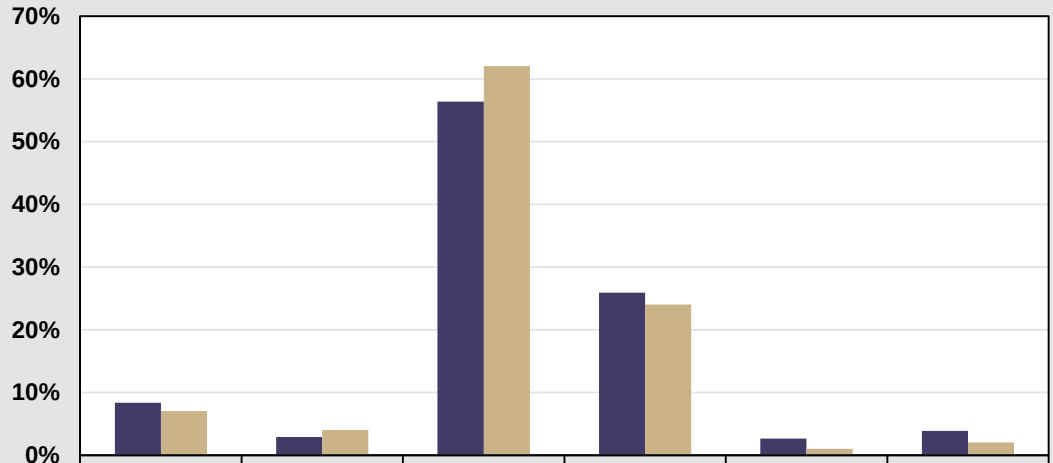
Figure 1. CFPB Complaints by Product, June 2011-August 15, 2013



Source: Consumer Financial Protection Bureau Consumer Complaint Database

Figures 2, 3, and 4 show the distributions of the major issues within each of the three biggest complaint categories: mortgages, credit cards, and bank accounts or services. Figure 2 shows that over half of all mortgage complaints (56 percent) from Illinois were related to loan modifications, collections, or foreclosures, below the percentage nationally (62 percent). Just over a quarter of the complaints (26 percent) were about loan servicing, payments and escrow accounts, slightly higher than the percentage nationally (24 percent). Complaints related to applications, originations, or mortgage brokers accounted for eight percent of Illinois' complaints and seven percent nationally. The remainder of complaints were divided relatively equally among credit decision and underwriting, settlement process and costs, and other.

Figure 2. CFPB Mortgage Complaints by Issue, June 2011-August 15, 2013

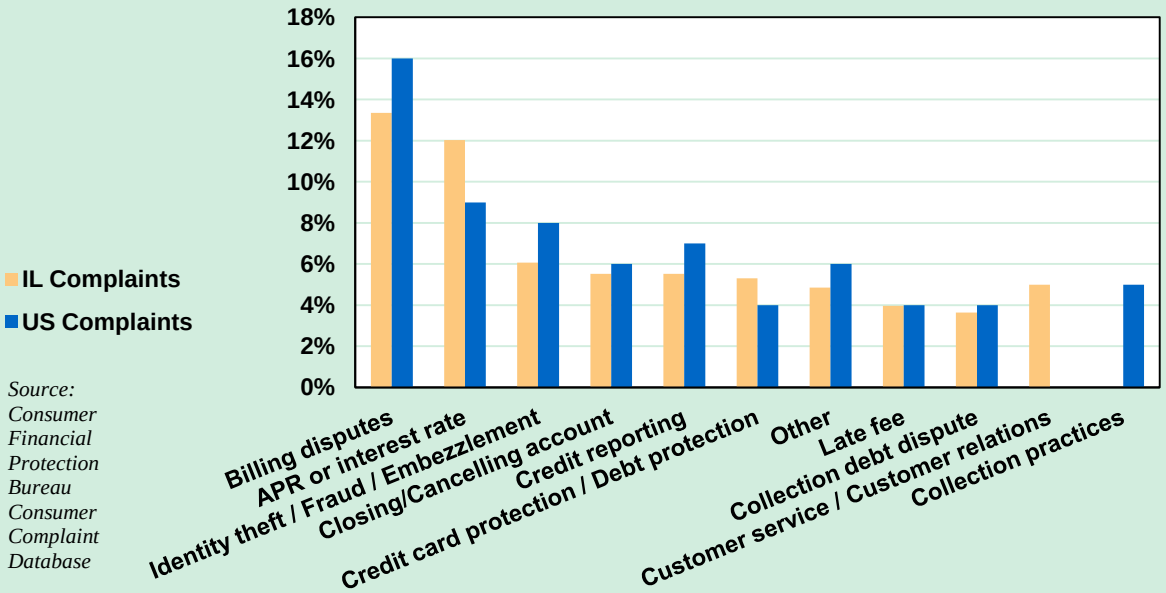


Source: Consumer Financial Protection Bureau Consumer Complaint Database

	Application, originator, mortgage broker	Credit decision / Underwriting	Loan modification ,collection,foreclosure	Loan servicing, payments, escrow account	Other	Settlement process and costs
IL Complaints	8%	3%	56%	26%	3%	4%
US Complaints	7%	4%	62%	24%	1%	2%

The credit card complaints category had 33 separate issues that could be the reason for the complaint. Figure 3 shows the ten most frequent reasons Illinois consumers and consumers nationally submitted complaints. Billing disputes (13 percent) and APR or interest rate complaints (11 percent) were the most common complaint from Illinois, with over 100 submissions for each issue. Nationally, these first two issues accounted for one-quarter of all complaints in this category, although billing disputes accounted for a larger percentage of the total nationally than in Illinois. Identity fraud, closing/cancelling an account, and credit reporting each had over 50 complaints from Illinois. Debt collection disputes were among the ten most common reason for submitting a complaint in Illinois, accounting for five percent of the total, but this issue was not in the top ten nationally. Instead, general collection practices were among the top ten nationally, accounted for five percent of the total but only three percent of complaints from Illinois.

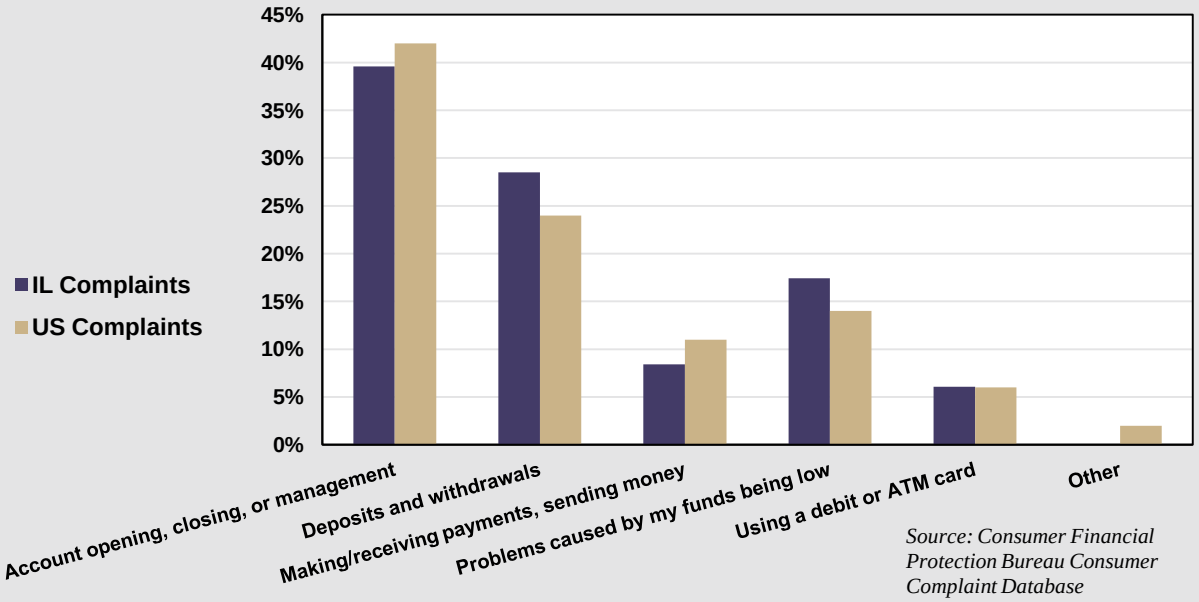
Figure 3. CFPB Credit Card Complaints by Issue, June 2011-August 15, 2013



Source: Consumer Financial Protection Bureau Consumer Complaint Database

Figure 4 shows the five issues that consumers reported under bank accounts and servicing. The largest number of complaints related to opening, closing, or management of an account, constituting 40 percent of all complaints from Illinois and 42 percent nationally. The second most common reason for complaints was issues related to withdrawals or deposits, accounting for 29 percent of complaints in Illinois and 24 percent nationally. Illinois consumers also submitted a higher number of complaints related to problems caused by low funds in accounts than the consumers nationally (17 percent from Illinois and 14 percent nationally). Making or receiving payments and using ATM or debit cards each accounted for less than 10 percent of complaints from Illinois residents. Nationally, two percent of complaints fell into the "other category" while no complaints from Illinois' fell into that category.

Figure 4. CFPB Bank Account Complaints by Issue, June 2011-August 15, 2013



Source: Consumer Financial Protection Bureau Consumer Complaint Database

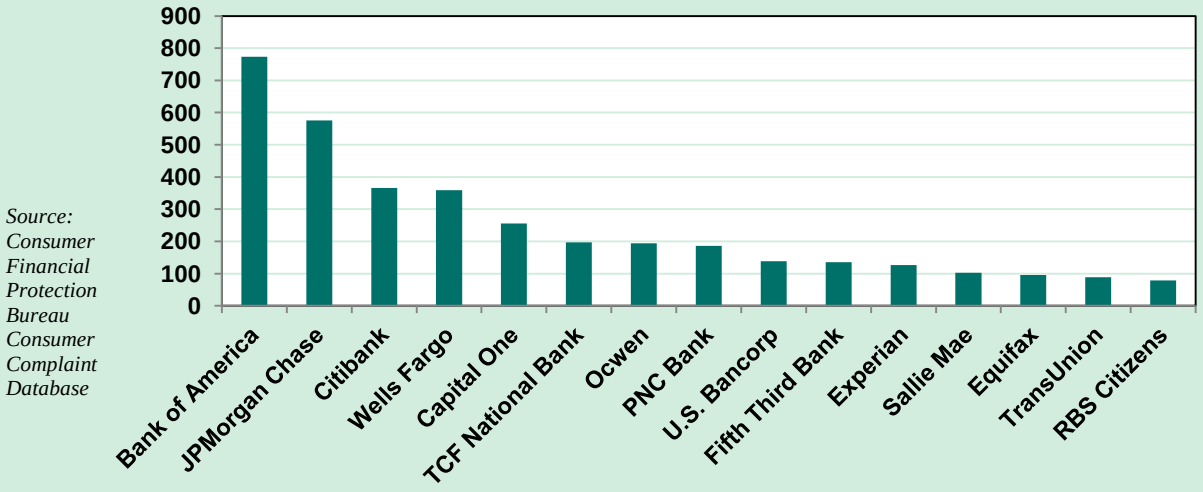
In two of the remaining four broad categories, credit reporting and student loans, a single consumer issue constituted the majority of complaints. For credit reporting, 63 percent of Illinois' complaints related to incorrect information on a credit report, compared with 72 percent nationally. For student loans, 63 percent of Illinois' complaints related to repayment of a loan, the same as the percentage nationally. For consumer loans, 45 percent of complaints focused on management of a loan or lease, slightly lower than the national number (48 percent). There were few Illinois complaints about money transfers, and no one issue comprised the majority. Nationally, 40 percent of complaints focused on fraud, 22 percent related to other transaction issues, and 16 percent dealt with money not being available when promised.

Illinois Snapshot: CFPB Complaints by Institution and Submission Method

After screening each of the 4,651complaints, the CFPB sent the complaints to the responsible financial institution or company. There were a total of 147 companies that received complaints from Illinois residents through the CFPB's Consumer Response Office. Figure 5 lists the top ten institutions by number of complaints received. The larger financial institutions, such as Bank of America, JP Morgan Chase,

Citibank, Wells Fargo, and Capital One, received the majority of complaints, although they probably also were the largest providers of services that might trigger complaints.

Figure 5. CFPB Complaints by Institution, Illinois, June 2011-August 15, 2013



Source: Consumer Financial Protection Bureau Consumer Complaint Database

Finally, the data show that consumers used a variety of methods to submit complaints. The majority of submissions came via the web (53 percent). The remaining complaints were submitted by referral from other agencies or regulators (29 percent), the postal service (nine percent), phone (eight percent), and fax (one percent). Only five complaints were submitted via email. The ways consumers from Illinois submitted complaints are relatively close to the pattern nationally: fewer complaints were submitted through the CFPB website (48 percent), slightly more complaints were referred by other agencies (30 percent), and complaints by phone were third most popular (nine percent).

Policy Recommendations

Analysis of the consumer complaint database provides a unique look at the types of complaints that Illinois consumers have filed and what specific issues are of most concern within these broad categories of financial products and services. We commend the CFPB for creating an office within the Bureau specifically responsible for dealing with consumer's concerns and product complaints. Furthermore, the CFPB's decision to make this data available to the public enables other consumer groups, advocates, or organizations to identify trends and hold institutions accountable. The database can play a useful role as regulators and policymakers alike determine how to better protect consumers and regulate the marketplace.

We believe that the CFPB can improve and strengthen its complaint database as follows:

Add complaints related to high-cost loan products, including payday loans, installment loans, and auto title loans.

Given the substantial risk posed to consumers by the high cost and problematic features of payday, consumer installment, and auto title loans, it is critical that the CFPB create a mechanism for capturing complaints about these products. These complaints would be submitted to the responsible company and would facilitate resolution for consumers in a timely fashion. In addition, the data would enable regulators and advocates to see which particular issues or concerns constituted a majority of complaints, whether

there are particular companies or products that deserve further investigation, and much more. We strongly encourage the CFPB to include these topics, either as their own categories or grouped together under one broad "high-cost consumer loan" category.

Include consumer narratives to each complaint file while protecting consumer privacy.

While the data currently available provide consumers, researchers, and advocates with a broad idea of types of complaints, major issues, and whether the complaint was resolved, the inclusion of narratives would provide more detail about the nature of the complaint. Consumers could "opt-in" to have their narrative included and the existing screening process could be modified to ensure that CFPB staff look for any potential information that might allow for the identification of a specific individual. We are confident these narratives can be included while still ensuring that the CFPB adequately protects consumer privacy.

Include company response narratives, and consumer dispute narratives when applicable, to each complaint file while protecting consumer privacy.

Like the inclusion of the consumer narrative, the company response would provide researchers and interested organizations with additional information about how companies are resolving disputes or problems. Unlike consumer narratives, we encourage the CFPB to require company response narratives.

Collect data that allows for fair lending analysis. Collecting and publishing information on the race, ethnicity, gender, and age of the consumer will allow regulators and advocates to detect practices that may be disproportionately impacting protected classes.

Aggregate the data at the smallest geography possible while protecting consumer privacy. The CFPB currently publishes the zip code of a consumer filing a complaint, but zip codes are too large of a geography to draw meaningful conclusions about concentrations of poor financial practices. We urge the CFPB to investigate whether the data can be released at a more granular geographic level while maintaining consumer privacy. We recommend that the CFPB release data at the Census tract level, similar to the Home Mortgage Disclosure Act data.

Conclusion

Since its creation just two years ago, the CFPB consumer complaint database has received thousands of complaints from consumers. The majority of these complaints, in both Illinois and nationally, focus on mortgages, credit card issues, and bank account or service issues.

The complaint database serves as a useful tool for consumers to receive assistance in resolving their issues, and for research and advocacy organizations interested in monitoring the number and types of complaints that many consumers have. We encourage more consumers to use the database as a method for resolving complaints, and encourage the CFPB to expand the types of complaints it accepts and publishes. Including complaints regarding high-cost consumer lending products such as payday loans, installment loans, and auto title loans would assist consumers in receiving relief and provide a clearer picture on the largest issues and consumer protection concerns related to these products. Additionally, we urge the CFPB to include consumer narratives in its database as a way to provide a more complete picture of each complaint while ensuring consumer privacy.