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1903-1990

September 22, 2014

Monica Jackson  
Office of the Executive Secretary  
Consumer Financial Protection Bureau  
1700 G Street NW.,  
Washington, DC 20552

Re: Docket No. CFPB-2014-0016 Notice of Proposed Policy Statement with Request for Public Comment

Dear Ms. Jackson,

I am writing on behalf of Woodstock Institute (and the undersigned organizations) in response to the Consumer Financial Protection Bureau’s (CFPB) request for public comment on its proposed policy statement published in the *Federal Register* on July 23, 2014 at 79 FR 42765–42769. The proposed policy statement would expand the CFPB’s Consumer Complaint Database to include unstructured consumer complaint narratives from consumers who opt in. Woodstock commends the Bureau for its proposal and supports the expansion of the database to include both consumer complaint narratives and company response narratives, provided that both parties have opted in and consumer privacy is protected through the removal of personally identifiable information. We believe the CFPB can further improve its complaint process and database by collecting and publishing additional information including race, ethnicity, gender, and age of the consumer as well as aggregating the data at the smallest geography possible while preserving consumer anonymity. With these changes, the expansion of the consumer complaint database will empower consumers to make better financial decisions, allow businesses to improve their public reputations, and improve the ability of outside organizations to assist the CFPB in detecting patterns of consumer protection issues.

**About Woodstock Institute**

Woodstock Institute is a leading nonprofit research and policy organization in the areas of fair lending, wealth creation, and financial systems reform. Woodstock Institute works locally and nationally to create a financial system in which lower-wealth persons and communities of color can safely borrow, save, and build wealth so that they can achieve economic security and community prosperity. We conduct research on financial products and practices, promote effective state and federal policies, convene a coalition of community investment stakeholders working to improve access to credit, and help people use our work to understand the issues and develop and implement solutions.

**Background**

The CFPB began accepting complaints in the summer of 2011 and publishing complaints on a public-facing consumer complaint database in June of 2012. The Bureau has expanded the types of products for which it accepts and receives complaints as well as the complaints it posts to the database. As of July, 2014, the database included over 254,800 complaints about credit cards, mortgages, bank accounts and services, consumer loans, private student loans, money transfers, credit reporting, debt collection, and payday loans. Complaints can be sorted in a variety of ways, including state or zip code,

product, sub-categories (under each product), date of complaint, or company. This allows database users to filter based on categories that are more or less important to them. Woodstock Institute, for example, published a policy brief in the fall of 2013, comparing Illinois complaints by product and issue to national complaint data. We were able to determine which products and companies received the most complaints from Illinois residents, how consumers submitted complaints to the CFPB and what the largest issues were for each product. At that time, we encouraged the CFPB to publish the comments it receives on payday lending, which it began doing this summer, and asked that the Bureau include consumer narratives to allow for a more comprehensive understanding of the complaint and the issues. We are pleased that the CFPB is taking this next step.

Woodstock Institute, alongside many of our local and national colleagues, has supported the inclusion of consumer narratives in the public database for some time. We believe it is possible to strike a balance between protecting consumer privacy and providing the public with additional and meaningful information on individual complaints. As the CFPB notes in its proposed policy change, inclusion of narratives will allow consumers to share their experience with other consumers, may empower consumers to make better-informed decisions about where they conduct their financial business, encourage more consumers to file complaints, lead to increased use of the database by advocates and researchers, align with the CFPB's commitment to open data, and enhance functions of the Bureau that rely in part on consumer complaint data.

### **Recommendations for Inclusion of Narratives**

As the CFPB considers how to best implement inclusion of narratives in the complaint database, specific requests for comment focused on: consumer consent to disclose narratives, company responses, and personal information scrubbing standards and methodology.

#### *Consumer Consent to Disclose Narratives:*

Requiring affirmative consent (opt-in) for use of narratives on the complaint database should be the first step in a series of consumer privacy protections. We suggest that the CFPB include an explanation of what sharing a narrative would entail, including the fact that the company will be able to post a response, so that consumers better understand the pros and cons of publishing their narratives. We suggest that the CFPB present this option early in the process (before complaint submission), with clear examples of personally identifiable information that should not be included when completing the narrative. For those who opt in, the CFPB should remind complaint filers not to provide personally identifiable information in the narrative section. These reminders should appear at the time of writing, when the consumer is reviewing their complaint prior to submission, and again on the "Submit Your Complaint" page. The reminders should use technology that is supported by a majority of browsers. In addition, the CFPB should provide a separate comment box that allows users to specify what information, if any, they do not want to publish publicly. Combined with the CFPB's proposed search algorithm and human monitors, these steps should adequately protect against breaches of privacy.

Consumers should be given the option to remove their narrative at any time. We also support letting consumers submit an update to their narrative (to include additional information they may have forgotten, or to comment on the resolution process, for example). Allowing consumers to provide updates to their complaint narratives will allow the CFPB to identify potential breakdowns in the complaint resolution process and give consumers opportunities to provide more accurate information about their situation as it unfolds.

#### *Company Responses:*

Woodstock Institute supports the inclusion of company responses as part of the consumer database. We believe that company responses published publicly should be detailed and resemble the responses provided to consumers as closely as possible, while undergoing the same procedures to remove personally

identifiable information as the consumer complaints. Publishing detailed company responses will help consumers trying to decide where to do business understand how companies resolve consumer complaints and handle customer relations. Expanding transparency around the resolution of consumer complaints will likely drive market-based competition among financial institutions to improve their responsiveness. This could be an opportunity for businesses to enhance their reputations by highlighting sound customer service practices. In addition, businesses can point out inaccuracies in complaints in their responses, and consumers can judge the validity of the complaints based on the full interaction.

*Personal Information Scrubbing Standard and Methodology:*

We applaud the CFPB for recognizing the importance of ensuring that personally identifiable information be removed from any consumer narrative so that the risk of re-identification is minimized. We understand that the Bureau is currently planning to adopt, at a minimum, the removal of HIPAA identifiers as well as any other identifiers specific to the consumer financial domain. HIPAA removes all geographic identifiers smaller than the state, including zip code. Right now, the database includes zip codes for complaints and we would encourage the Bureau to continue including that information for residents living in zip codes with more than 10,000 people. For complaint filers living in zip codes with fewer than 10,000 residents, the CFPB should publish the smallest geography that contains 10,000 or more residents, such as municipality or county. Providing only state information would make it impossible for advocates to identify geographic patterns of complaints that could indicate financial practices that negatively impact low-wealth communities or communities of color. Providing zip codes for consumers in zip codes with more than 10,000 residents will capture the bulk of the population (82 percent) while also ensuring complaint filers from smaller zip codes will not find themselves at risk of being identified.

**Additional Recommendations for the Complaint Database**

We applaud the CFPB for its consistent effort to expand and enhance the consumer complaint database. Accepting complaints on a growing list of products, and inclusion of those products in the database, has led to a more robust and rich dataset. The addition of consumer narratives and company responses will only strengthen the available public information and enable consumers, advocates, researchers, and industry members to have a deeper and more complete understanding of individual complaints and more extensive problems that arise with certain products, companies, or industries.

We encourage the CFPB to continue their effort to improve and expand the consumer complaint process and database by collecting and publishing data that allows for fair lending analysis. The complaint submission forms should allow consumers to include information on their race, ethnicity, gender, marital status, source of income, and age. This data is already requested in every mortgage loan application. Consumers should not be required to provide this information but could do so voluntarily and the information should be available in the public-facing database so that regulators and advocates can better detect practices or products that might be disproportionately impacting protected classes. The CFPB should explain to consumers on the complaint form why they are collecting this information and how it could improve the CFPB's enforcement processes.

As the amount of available data continues to grow, we urge the CFPB to investigate whether data can be aggregated at a more granular level while still protecting consumer privacy. Currently, the CFPB provides consumer zip codes which unfortunately does not allow for meaningful analysis and conclusions about concentrations of poor financial practices in low-wealth communities and communities of color.

**Conclusion**

The complaint system serves as a useful tool to guide consumer decisions about where to conduct their financial business, resolve consumer issues with financial institutions, and allow research and advocacy organizations to monitor complaints and help the CFPB identify potential issues. Woodstock continues to encourage consumers to use the complaint process as a means to resolve disputes and supports the

expansion of products for which the CFPB will accept complaints. We commend the Bureau for its decision to include consumer narratives and company responses in the consumer complaint database. Woodstock believes this information will empower consumers to make better financial decisions and allow for deeper and more robust analysis of consumer complaints and industry practices. We strongly believe that publication of narratives, with the appropriate scrubbing standard and methodology, will continue to preserve consumer privacy. We look forward to continuing to work with the Bureau on this initiative and appreciate the opportunity to comment.

Sincerely,

A handwritten signature in cursive script that reads "Dory Rand".

Dory Rand, President  
Woodstock Institute  
Chicago, IL

Debt Counsel for Seniors & the Disabled  
Chicago, IL

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