

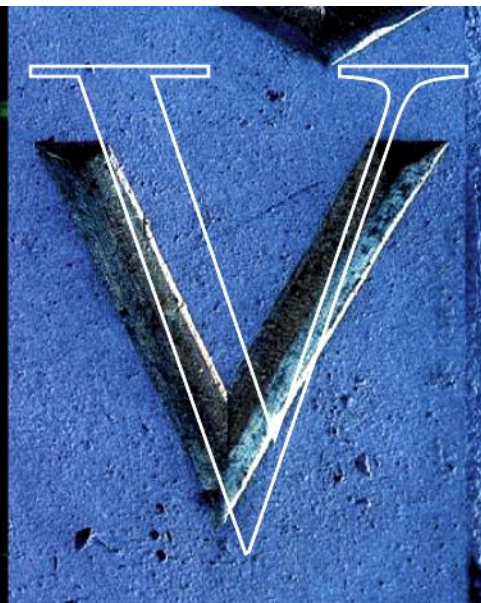
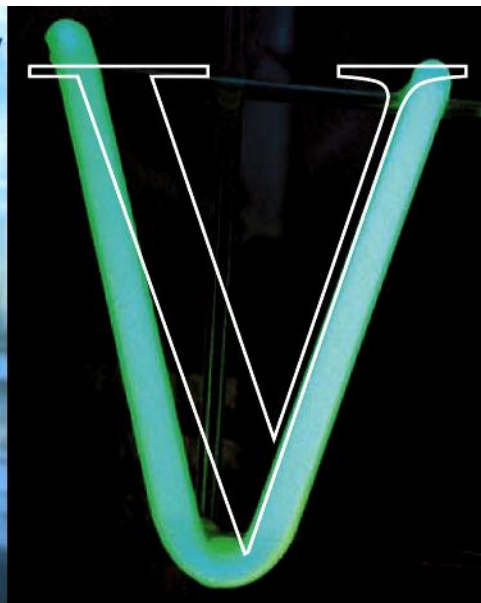
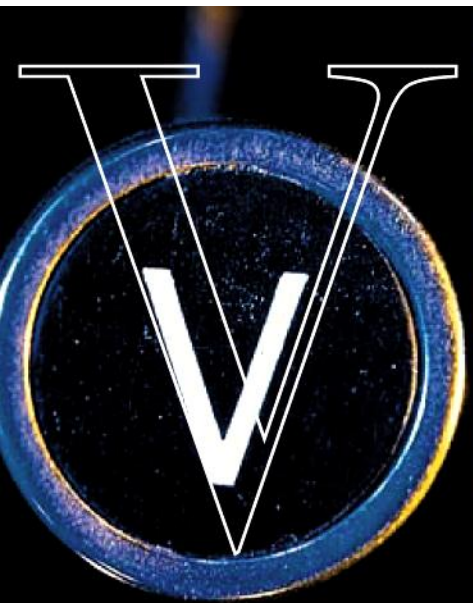
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What You Need to Know About Consumer Complaints and the CFPB

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Agenda

- Overview of Consumer Complaint Database
- The consumer complaint process
- How the CFPB uses complaints
- Observations about the Consumer Complaint Database
- Leading practices for complaint management

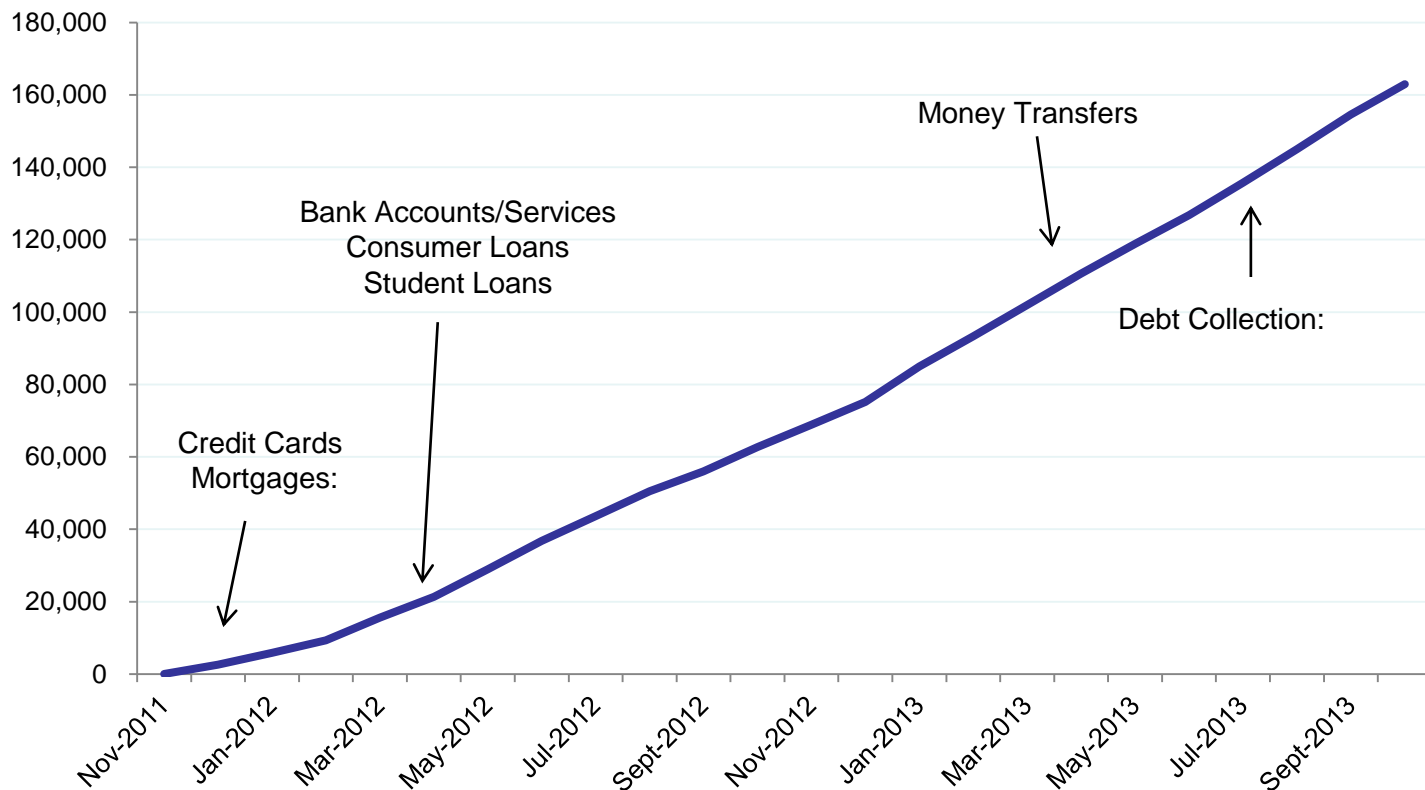


Overview of Complaint Database

- Housed in Consumer Response Unit
- Created by the Dodd-Frank Act
- Consumer complaint intake (Internet)
- Tell Your Story
- Work of the Consumer Response Unit



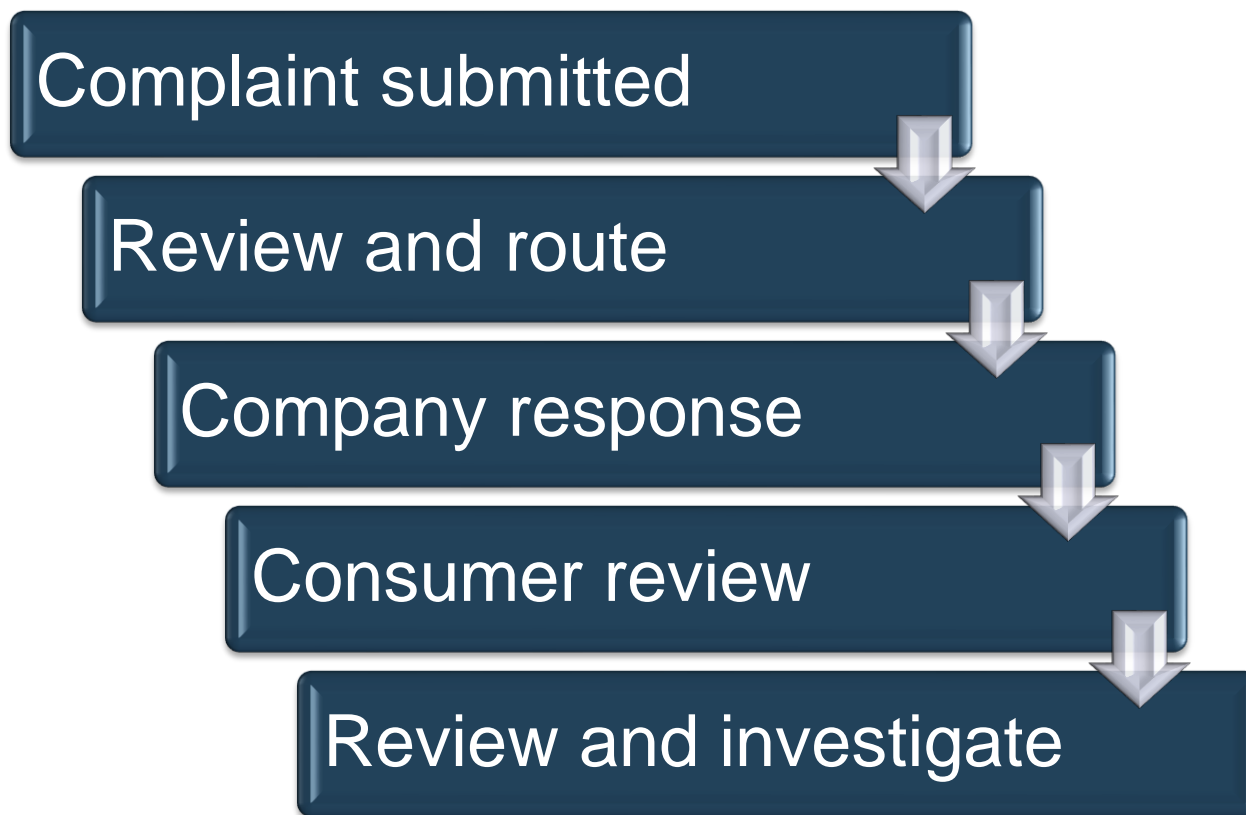
Growth of Complaint Database



Source: [www. Consumerfinance.gov](http://www.Consumerfinance.gov)



The Complaint Process



How CFPB Uses Complaints

- CFPB's Supervisory Process
 - Looking at consumer complaints as part of the examination process

 - CFPB Consumer Complaint Database/Consumer Sentinel Database
 - Nature of consumer complaints
 - Number of consumer complaints

 - Do a certain number or type of consumer complaint indicate a problem with a practice?



How CFPB Uses Complaints (cont'd.)

- Considering how an examined entity addresses consumer complaints:
 - Process of intake for these complaints
 - Process for addressing complaints
 - Process for revisiting certain practices
 - Process for responding to complaints and making any necessary changes



How CFPB Uses Complaints (cont'd.)

- Use in CFPB investigations:
 - Office of Enforcement reviews consumer complaints received from Consumer Response
 - Review of complaints might be first step in any investigation or pre-investigation
 - Might drive the scope of a Civil Investigative Demand (CID)



How CFPB Uses Complaints (cont'd.)

- Use in CFPB litigation:
 - Consumer complaints driving causes of action
 - Consumer complainants as witnesses
 - Statements from consumer complainants in court filings

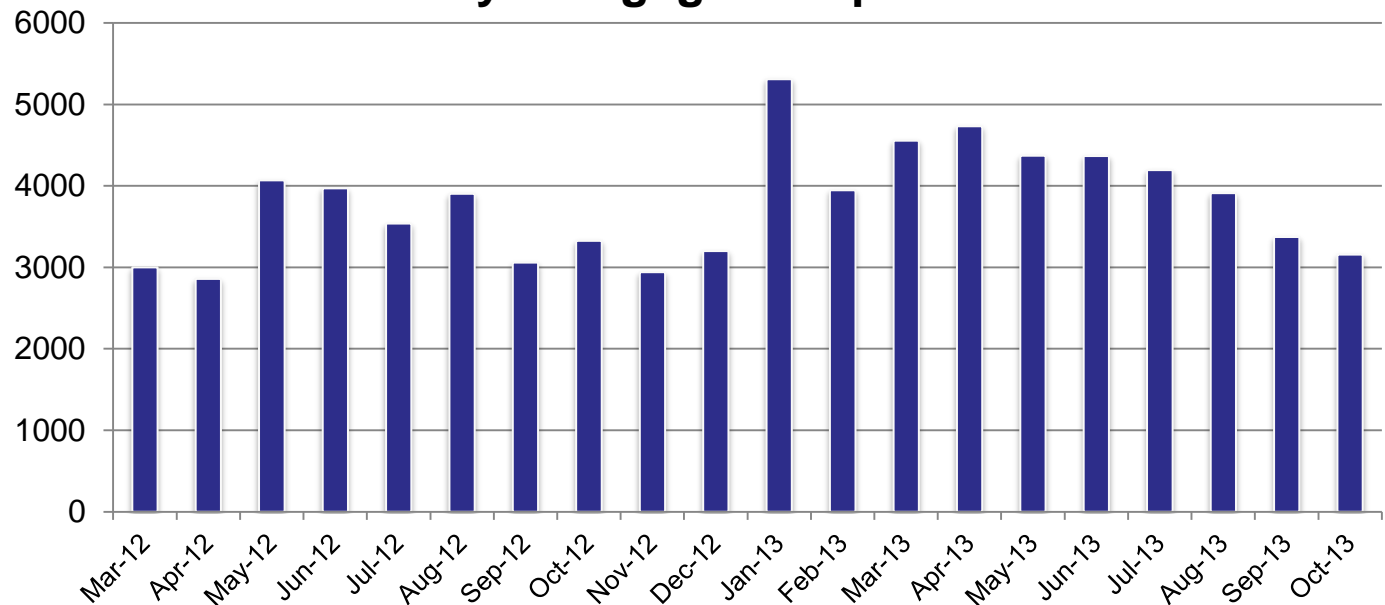


Observation #1:

Mortgages have driven complaint volumes.

- About ½ of all complaints received
- Growing % in 2012
- Shrinking % in 2013 – new debt collection complaints

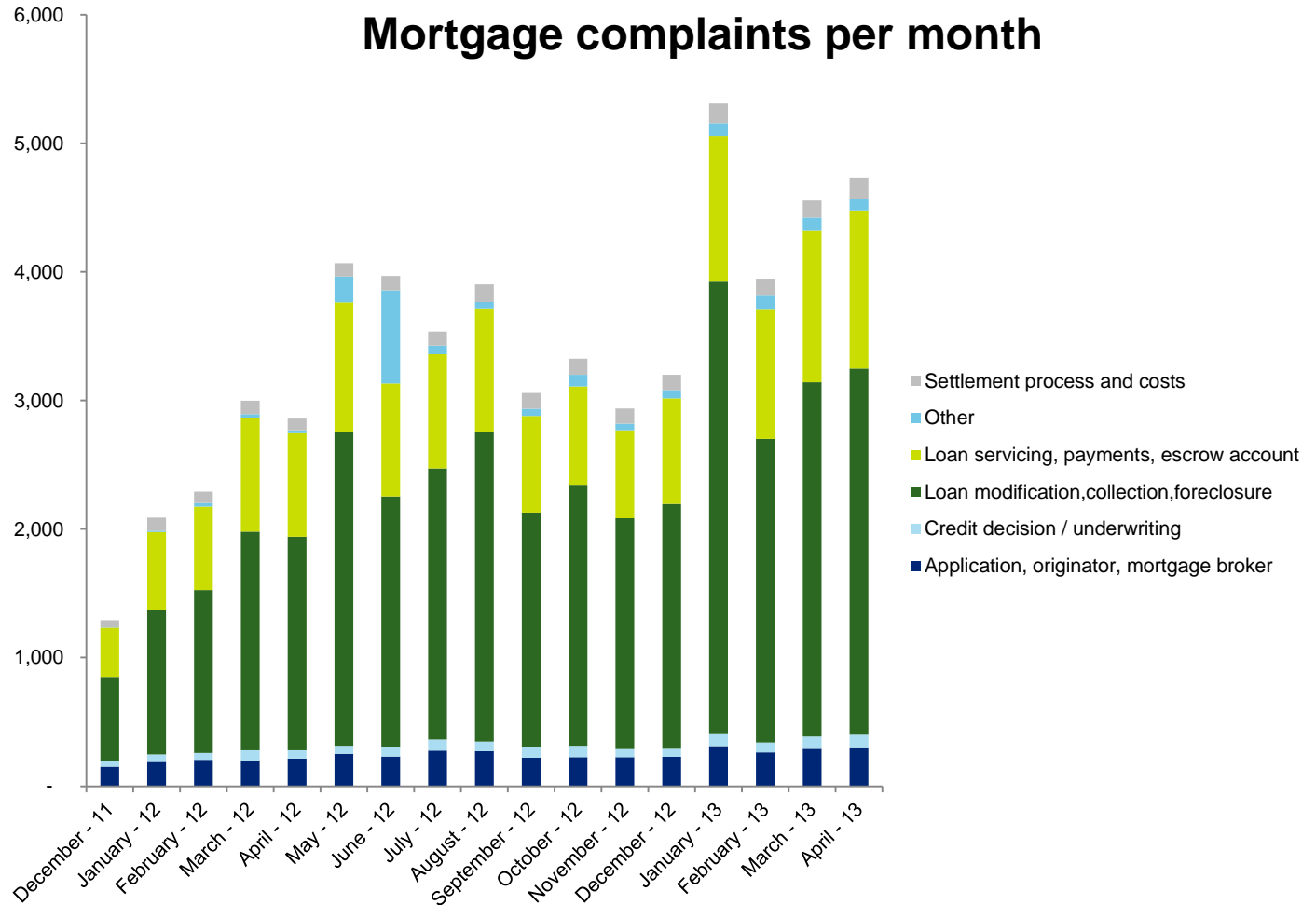
Monthly Mortgage Complaint Volume



Source: CFPB Complaint database and Deloitte FAS analysis

Observation #2:

Troubled mortgages drive mortgage complaints.



Source: CFPB Complaint database and Deloitte FAS analysis



Observation #3:

Customer misunderstanding may create more complaints than errors.

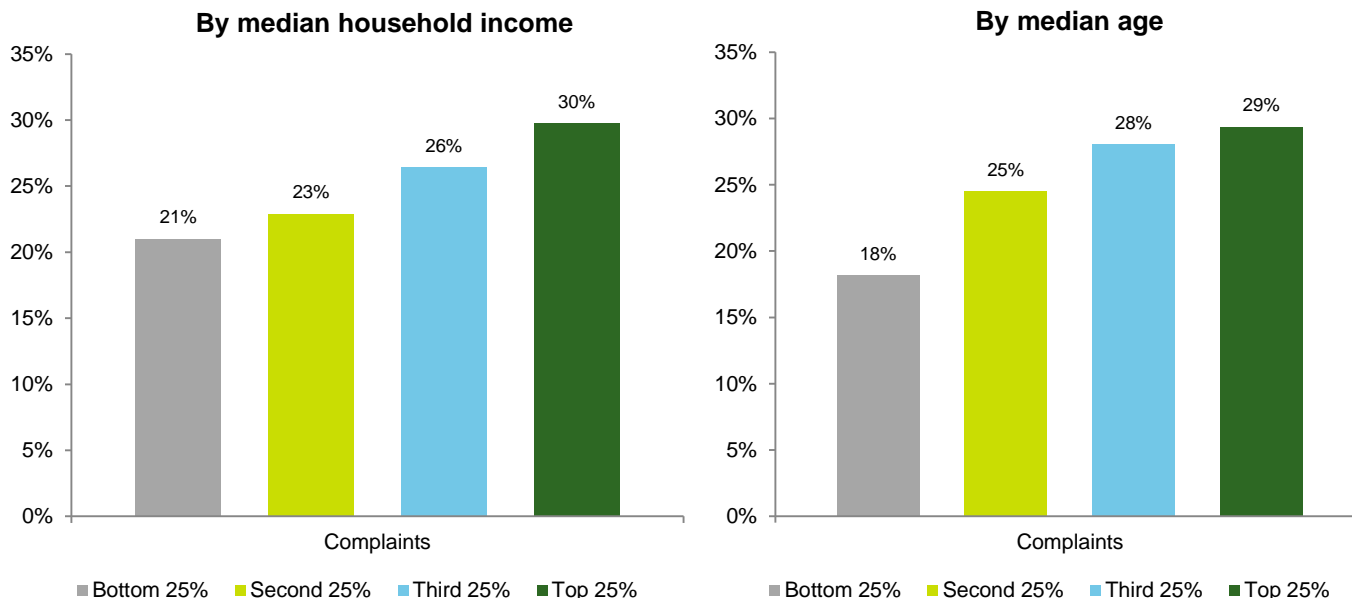
- Over time, fewer complaints resolved in favor of consumer
- Customer dispute rates have also dropped over time
- Complaints closed in favor of consumer have lower dispute rates
- Resolving mortgage complaints present unique challenges



Observation #4:

Affluent, established neighborhoods were more likely sources of complaints.

% of Mortgage Complaints



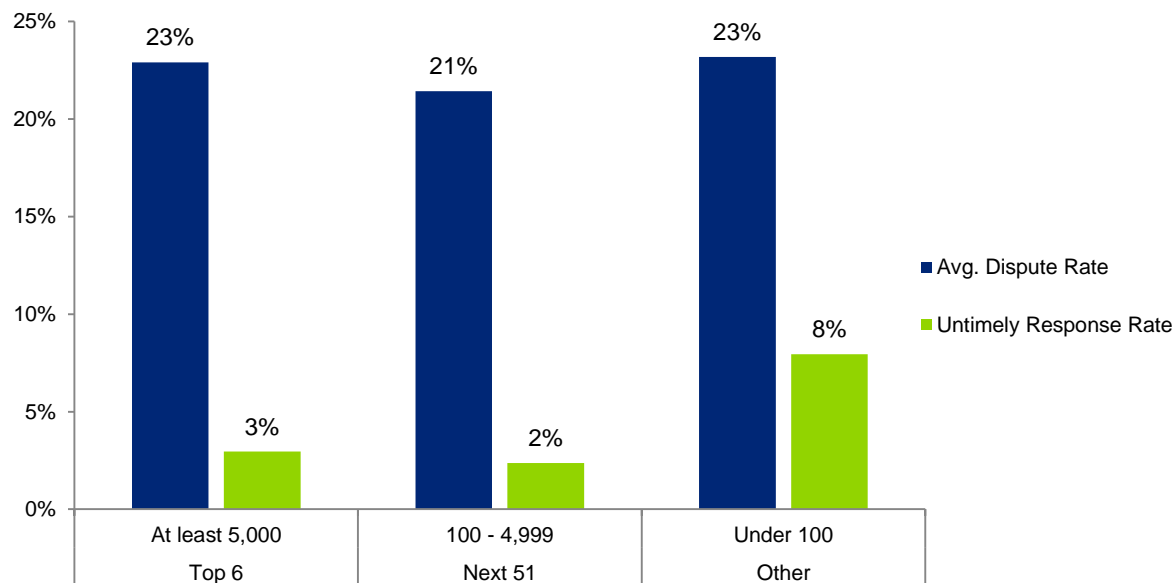
Source: CFPB Complaint database and Deloitte FAS analysis



Observation #5:

Companies are getting better at responding.

- Untimely response rate: 9.9% (12/2011) to 1.1% (4/2013)
- Firms with few complaints had higher untimely response rates



Source: CFPB Complaint database and Deloitte FAS analysis



Leading practices for complaints

- Establish comprehensive written policies, procedures, and processes that cover:
 - Definition of complaint
 - Roles and responsibilities across business lines
 - Categorization of complaints
 - Response time
 - Aggregation of complaint data
 - Escalation of significant issues
 - Employee training and awareness
 - On-going monitoring
 - Board, Management, Regulatory Reporting
 - Independent testing of the program



Questions?

