

Director Richard Cordray
Bureau of Consumer Financial Protection
1700 G St. N.W. Washington, D.C. 20552

Docket No.: CFPB-2015-0030

Re: CFPB RFI – Feedback on Consumer Complaint Narratives and Data Normalization

August 31, 2015

Dear Director Cordray:

Thank you for the opportunity to provide feedback on how the addition of consumer complaint narratives to the CFPB public database is operating in practice, and on best practices for normalizing complaint data.

Consumer Complaint Narratives

Accessing first-hand information from others' experiences with a company turns a bland financial complaint into a meaningful account of what difficulties consumers are encountering and why they turn to the CFPB for help in resolving problems that have been unsolvable via direct contact with a company. We commend the CFPB for adding consumer narratives (complaint details) to the database, with the first narratives populating complaints as of late June 2015. So far about half of complainants are already consenting to include their narrative story in the public database

Complaint details are invaluable in allowing consumers to put others' problems into context, identify harmful patterns and prevent problems. Examining narratives prior to purchase provides consumers with critical information on the kinds of complaints people experience as well as a better understanding of how a business handles its customers' disputes. When consumers choose to share their complaint details in the CFPB database others can make more informed choices as to which companies they seek to do business with. Researchers and other firms also benefit from narrative information which will shed light on the intensity of a consumer's problem, as well as her frustration with (or kudos for) a company's response or lack thereof.

Additionally, the CFPB's new monthly complaint reports (www.consumerfinance.gov/reports/monthly-complaint-report) help consumers and the Bureau get a timely picture of pressing financial problems. The monthly reports can quickly assist consumers in assessing where complaints are concentrated, where problems persist and, over time, whether the same companies continue to be listed as top complaint holders. Spotlighting particular complaint categories, such as Debt Collection in Vol.1, #1 (released 21 July 2015), provides

consumers with further detail about the types of debt collection problems people turn to the Bureau with.

Consumers can clearly read and understand the complaint narratives now available on the *Read Consumer Narratives* section of the site. The undersigned groups offer the following practical suggestions to continue to improve the usability of the database to make it an even more valuable tool for consumers both before and after they enter into a financial transaction..

Scrubbing standard

Consumers trying to learn about individuals' problems with a company may find the omission of key complaint components to be too restrictive to allow them to meaningfully analyze complaint details.

For consumer credit transactions, understanding loan principal, term, fees and charges is critical to understanding whether or not the original loan resulted in repeat financing and ongoing financial hardship. In July 2015, the Consumer Federation of America reviewed 72 complaints filed against 32 companies and found some of the most frequent complaints were related to loans that resulted in a long-term cycle of debt (23 percent), collection device abuses (19 percent) and other common complaints associated with high-cost credit. In some circumstances, the current redaction process makes it difficult to determine the scope of the problem and is sometimes applied inconsistently.

For example, in consumer complaint ID# 1368821, the principal amount and balance due are redacted, which prevents the public from understanding the consumer's concern about increasing balances as a result of a long-term cycle of debt. Likewise, the dates are redacted which prevents a basic understanding of the original term of the loan, the frequency of payments and the borrower's payoff date. In some other cases, for example, complaint # ID 1300848, loan principal, term, payoff date and dollar amounts are provided. We understand that consistency may vary, in part, because of the computer and human elements of the scrubbing process. We appreciate the Bureau's efforts to incorporate human review of the complaints for both inclusion and exclusion of essential complaint elements. However, we encourage the Bureau to relax the release of some complaint details, standardize the redaction process, and maintain human review. This would continue to ensure that consumers' privacy is protected while providing access to information about amounts borrowed, loan terms, due dates and outstanding balances.

Here are examples of other redactions that eliminate other relevant data.

I am paying on my son's student loan that I cosigned on. I cannot pay on the due date but have never missed a payment. Key Bank calls anywhere from XXXX to XXXX times a day starting from 2 days after the given due date until they receive the payment, which is usually 2 weeks

I receive at a minimum XXXX phone calls a day from them. They never leave a message.

The CFPB scrubbing standard also eliminates the names of any company “not directly connected to the company you are submitting a complaint about.”

The CFPB should encourage consumers who submit complaints that involve more than one company to amend their complaint to list all companies involved or to file a separate complaint about a secondary company. The Bureau could send an automatic reply stating, “We’ve received your complaint, and it looks like you may also have a complaint against XX company. If so, you can file a complaint about that company here (link).” This would ensure that complaints would be issued against both relevant companies.

All companies identified in a complaint should be included in the public database. For instance, a debt collection complaint often involves a debt collector or debt settlement company, as well as the original creditor. The same holds true for credit reporting complaints that may involve both a credit bureau and a creditor, and mortgages obtained through a mortgage broker. Fair housing and fair lending complaints often involved real estate brokers, in addition to a lender and/or mortgage broker. We would also suggest adding a pop-up box to the intake form advising consumers to list all companies that are involved in the complaint.

This issue also arises with payday loan complaints where consumers may be caught between a debt collector and a payday lender. For those using the database, it is instructive to learn that a particular lender is directing its business to a particular collector or that a debt collection or debt settlement company has a pattern of harassing practices for particular businesses.

Consumers know companies that they do business with, not the parent corporation’s name. For the database to be of greatest value, complaints should be posted by the name consumers use to conduct transactions. This should apply to both the Narrative and View Data sections of the database. Consumers primarily want to know if the lender they’ve borrowed funds from has a track record of tacking on unnecessary fees and spiking interest rates on others’ loans as well. Consumers should be able to retrieve a business’s complaints without having to track companies by their corporate parent names that would be unrecognizable to most customers. U.S. PIRG reports have noted drilling down into the database:

[The bureau should add] a field listing company subsidiaries, which are often the firms with which consumers actually interact. For example, Encore Capital Group, the company with the greatest number of debt collection complaints in the CFPB database, does business under the names of several subsidiaries. Adding subsidiary company information will enable consumers to better apply the information in the CFPB database to their own experiences, and to the choices they make in the marketplace.

The undersigned groups greatly appreciate the Bureau's serious attention to maintaining consumers' privacy, and share your concern of re-identification risk, however the CFPB's current efforts at preventing remotely personal details from being released sometimes limits readers' ability to fully grasp the crux of the complaint. For example, deleting the dates from a complaint about a short sale's continued delays and final approval makes a real difference in evaluating the severity of the problem. In most cases, we do not believe that the inclusion of dates in narratives, similar to the examples below, would pose a risk of re-identification.

- 1- *My XXXX lien holder gave me a short sale approval on XXXX XXXX, 2015 and to this date The XXXX lien holder, Wells Fargo Home Equity has seemingly because of their written off status been delaying providing their short sale approval to the detriment of my approved short sale status. The XXXX lien holder has given us XXXX short sale extensions and I am afraid they will now resume their Foreclosure as they do not believe Wells Fargo will ever provide an approval. Wells Fargo also, even after numerous communications with their customer service department, has been incorrectly sending my private banking correspondence to a Texas address and changed my number to a Texas number in their system so I don't receive any notices. This is so unfair considering my primary lien holder advised me to do a short sale and already granted me short sale approval and now that this XXXX lien holder has stalled the closing I am about to lose even my relocation funds and my home.*

- 2- *I recently re-applied for mortgage assistance through Wellsfargo Home Mortgage. On XXXX/XXXX/15 my attorney sent my financials and application to be considered for a modification. On XXXX XXXX, my attorney called to confirm receipt of documents that were faxed and they said they needed additional documents which were faxed the same day. My attorney followed up again XXXX XXXX, 2015 for a status on docs that were sent on XXXX XXXX, 2015 and they now asked for additional docs which were never requested however, I complied and sent everything via fax again on XXXX XXXX, 2015. On XXXX XXXX, attorney called for status and again they asked for additional docs and a lot of the same docs that were already submitted which leads me to believe they are not reviewing the paperwork I am sending and are not interested in even helping me. I continue to advise them I have a sale date and to please tell me what is needed at all once so we can avoid any delays but they never give a good response other than request additional documents. Therefore, I complied and sent everything they requested again XXXX XXXX, 2015. Today XXXX XXXX, 2015 my attorney calls for status and they are advised that they are still in need of additional documents which have been sent twice before. I am filing this complaint because I have complied with all their requests and they are not reviewing the docs and are simply telling me to send things everytime I call when I have proof that I have mailed everything they have requested over the phone. At no point have they called me or provided anything in writing to ask*

for anything unless I call for a status. For this reason, I ask for your assistance as I am doing everything possible to keep my home.

Adding actual dates, or at least short date ranges, if that aids in preventing re-identification, would enable researchers studying patterns and practices to better compare the actions of different companies.

Zip codes

Data redactions are especially problematic in the zip code section of the database. The CFPB's Narrative Scrubbing Standard document¹ says that full five-digit zip codes will be included in the database when complaints are originated from zip codes with populations of more than 20,000. Zip codes will be truncated to three digits to protect the identities of residents in zip codes with fewer than 20,000 people. Contrary to the CFPB's published policy, all zip codes posted in the Narrative section of the database appear to include only three of the five basic digits. (We note: the Beta Consumer Complaints Visualization Chart in the View Data section does allow users to input five digit zip codes and retrieve a list of area complaints.)

Access to zip code details is one of the most effective ways to identify if particular communities are being targeted for deceptive, abusive or discriminatory practices. Even advocates with experience analyzing data may not be able to detect patterns of problems without zip codes or other detailed geographic information.

This recent complaint to the CFPB is from zip code 125XX, which covers approximately a 40-mile wide by 80-mile long area in Upstate New York. Those interested in the complaint are keen to learn what else there is to know based on the consumer's location. There is significant variance in key factors for cities within the region. For example, Hyde Park is 84% white with median income of \$67k/year while New Paltz is 75% white with a median income of \$39k/year. It would be useful to be able to determine if practices varied between these two cities given the significant difference in median income and minority populations.

Zip code 125XX

I am XXXX yr old single father on XXXX. I have been trying to negotiate my mortgage modification with Wells Fargo Bank for a solid 4 yrs. That being said I have been assigned no less than XXXX Home Preservation Specialist 's ". I have never been able to speak directly to any one of them, leading me to believe they are fictitious names. In paperwork correspondence WF gives you your specialists " extension number, When you call them you are not even given option to dial ANY extension number. The reason for this letter is not only for my own relief, but to highlight what continues to be a practice of toying with troubled homeowners until they have no options but to foreclose. Wells Fargo deliberately ignores the efforts of homeowners to make

¹ We will publish your five-digit zip code, except where the population in your zip code contains fewer than 20,000 people. In these cases, we will publish either the first three digits of

reasonable arrangements, even when they become possible for the homeowner. They need to be stopped. Thank You in advance for your shedding light on this serious problem. XXXX XXXX XXXX

Similarly, in Brooklyn, New York, the three-digit zip code 112 encompasses neighborhoods ranging from East New York, with a median household income of \$35,079 and a population that's 84% non-white, to Park Slope, with a median household income of \$95,654 and a population that's 76% white. All but one of the 37 five-digit zip codes starting with 112 have more than 20,000 residents, and many have more than 90,000 residents. The CFPB's use of three-digit zip codes when its own policy permits the use of five-digit zip codes obscures enormous differences in the racial composition and income levels of complaint filers' neighborhoods and makes identifying possible patterns of discrimination or uncovering fraud or scams targeting immigrant or other neighborhoods unnecessarily difficult.

Empire Justice Center analyzed CFPB complaint data for three different three-digit zip codes in the Greater Rochester area and was able to identify a variety of details related to consumer issues and the companies that were being complained about in that region. However, Empire Justice Center was not able to analyze any possible disparate impact by race/ethnicity, income level or neighborhood of the consumers filing those complaints.

As shown below, the demographics within these broad three digit zip code groups vary dramatically--from dense inner city neighborhoods with a high concentration of poverty to sprawling wealthier suburban neighborhoods. For example, some of the zip codes within 146XX (such as 14611, 14619, and 14621) include neighborhoods that are low to moderate income with multiple census tracts that are majority minority residents, while others (such as 14626) are comprised of higher income neighborhoods and are predominantly white.

The table below of six zip codes beginning with 146 shows how the demographic makeup (race, income) of each is dramatically different.

Table: Race and Income Demographics for a Sample of 146XX Zip Codes

ZIP Code	City	Demographics		
		% white	% non-white	Income*
14606	Gates	59%	41%	\$ 35,090
14611	Rochester	17%	83%	\$ 23,168
14619	Rochester	20%	80%	\$ 31,642
14620	Rochester	68%	32%	\$ 43,789
14621	Rochester	19%	81%	\$ 23,858
14626	Greece	86%	14%	\$ 53,590

*Average adjusted gross income, 2012

Source: city-data.com

- The average adjusted gross income in these zip codes ranges from \$23,168 (14611) to \$53,590 (14626).
- Three of these zip codes (14611, 14619, and 14621) have a more than three-quarters majority of non-white residents.
 - The zip with the highest percentage non-white population is 14611 with 83% non-white residents (also the lowest income at \$23,168).
 - The zip with the lowest percentage non-white population is 14626 with just 14% non-white residents (also the highest income \$53,590).

Empire Justice’s analysis of complaints in the 146XX zip codes shows that HSBC had the most mortgage complaints (20%), Citi had the most debt collection (7%) and credit card complaints (21%) and Equifax had the most credit reporting complaints (43%). Without access to five-digit zip codes, it is impossible to determine if the complaints are concentrated within any specific demographic. For instance, are HSBC mortgage servicing complaints mostly from low-income or minority zip codes, or mostly from high-income white zip codes? Is Citibank attempting to collect debt not owed from low-income neighborhoods more often than high-income neighborhoods? Is Equifax less likely to address the credit reporting mistakes of folks living in majority-minority neighborhoods? The answers to these questions could guide outreach and education efforts to the folks that need it most, while also informing policy decisions.

Earlier Empire Justice Center reports confirm that foreclosures, while prevalent throughout the MSA, were more concentrated in majority-minority neighborhoods. (See Michael Hanley and Ruhi Maker, “In the Eye of the Storm: Why the Threat of Foreclosure Damage Continues,” March 19, 2015, as found at:

[http://www.empirejustice.org/publications/reports/new/in-the-eye-of-the-storm.html#.VdxyUk10y70.](http://www.empirejustice.org/publications/reports/new/in-the-eye-of-the-storm.html#.VdxyUk10y70))

With five-digit zip code level information from complaint narratives we would be able to analyze if a critical mass of mortgage servicing complaints were concentrated within certain income or racial groups or in the bounds of certain neighborhoods. The same is true for consumer complaints about all financial services products. This would not only provide the CFPB with pertinent information for potential enforcement action but would also give a much-needed voice to consumers historically targeted by predatory practices.

Step-by-step instructions

Consumers would benefit from step-by-step instructions that make it simpler to customize this tool. We would recommend that the Bureau model instructions on the clear and useful explanations contained on the Consumer Complaints Database homepage.

To make the most of this valuable database, consumers will want to review complaints based on their own criteria. For some that will mean filtering complaints by company, for others it will mean using keywords to see how many other consumers complained about a problem or company in their state.

Keywords are an excellent, efficient way to use this database. A list of sample searchable terms or a link to a keyword list could prompt consumers to make effective use of this tool. When consumers type a keyword in the search box the word could be highlighted in the results to make it clear that the keyword has been identified.

When the CFPB first added narratives to the database, the group Consumer Action offered a basic set of instructions (http://www.consumer-action.org/alerts/articles/how_to_read_cfpb_consumer_complaints) to assist the public. This suggests one way to help those who are unfamiliar with computer databases to make fuller use of this resource.

Simple instructions on the Complaint Narratives page would be helpful to explain (in pop-up boxes) that complaint categories can be switched, for example, by clicking on the word “Product” in the toolbar, and hovering over that section (near Filter This Column) until a separate box appears, then clicking on the actual product they are seeking. The same applies to the sub-product category.

Instructions as to how to best use the search box would help consumers customize the data. The Filter section on the right side of the page can be very intimidating for a non-researcher. While a tutorial currently exists, detailed user instructions would be very helpful in creating filters.

Additionally, we would recommend that access to the complaint database should be available under the *Submit a Complaint* section of the Bureau's main homepage (www.consumerfinance.gov), listing Complaint Database as a subcategory. Its current location under *Participate* is not an intuitive way to drive users to the database².

We would suggest removing the side headline, on the Complaint Database homepage that reads, "98% of consumers receive timely responses from companies." Companies' responses vary widely and include many unresponsive replies, even when businesses are in direct communication with the consumer. A company's timely but inadequate response to a consumer's complaint can result in serious consumer dissatisfaction with the company and the Bureau. While technically accurate, consumers are far more concerned with how many complaints are resolved to the consumer's satisfaction.

Guidance for consumers who do not receive a response

Some guidance is needed for consumers who do not receive a response -- or a substantive response from the aggravating company. The Bureau would benefit from making email and sample direct phone contact with consumers to learn of their specific satisfaction or dissatisfaction with the complaint process and with the company involved. The Bureau should consider providing consumers with additional direction and referrals (AG's office, etc.), even if court is a consumer's only alternative. If there is no resolution through the CFPB complaint process, alerting consumers to any other option could be helpful to those who have nowhere else to turn.

Comments on Data Normalization

We have previously commented on the benefit of normalizing complaint data to be able to make meaningful and reasonable comparisons between companies.

In its Request for Information, the Bureau states:

"To normalize data is to transform "raw" data so that they may be compared in meaningful ways. This transformation increases the interoperability of "raw" data—that is, the extent to which different users can share and make use of the data because they have a common understanding of its meaning."

The Bureau notes that "(b)oth large and small institutions expressed concern that failure to indicate the relative share of complaints would cause confusion for consumers, resulting in unfair reputational harm."

² It is similarly not intuitive to place "Know Before You Owe" under the Participate tab.

As consumer representative organizations, we believe that many of industry's complaints and excuses are without foundation. A large company, for example, should reasonably be expected to be able to review and reduce its number of complaints and improve its customer service. Any company should be expected to take steps to reduce a threat of reputational harm by eliminating bad practices and improving customer dispute resolutions.

Companies operating in one of what the bureau has termed "dead-end markets," such as a credit bureau or debt collector, should recognize that their generally high level of consumer complaints and consumer dissatisfaction are a function of the fact that they have no customers who can vote with their feet. Consumers are stuck with their mistakes, which cause consumers significant reputational and financial harm that deny them fair opportunities in the marketplace. The public consumer database functions as a new performance dashboard with metrics to help government and individuals measure them by. Businesses should take the opportunity to learn from the data too.

Nevertheless, we do support the idea of making it easier to "normalize" complaint data. We offer the following suggestions:

1) Make It Easier To Normalize Banks and To Make Results More Robust: The FDIC and the Federal Reserve maintain a number of public databases on financial institutions and holding companies, including the FDIC Institution Directory. By adding a field to the database for the FDIC Certificate #, researchers would more easily be able to cross-query the complaint database against these databases, which could lead to robust analysis of firms in a variety of ways. The FDIC databases include up-to-date information on deposit and asset size, summaries of deposits by state and metropolitan regions, numbers and geographic disbursement of offices, total deposits by insurance class and a variety of other metrics, including loan and mortgage data and (for large firms) revenue from bank fees.

2) Re-organize Mortgage Complaint Categories To Better Understand Separate Markets and Separate Problems: The current categories for mortgage complaints somewhat muddles analysis of an admittedly complex marketplace. Consumers face problems in mortgage origination, servicing and foreclosure. But the current issues, categories and sub-categories conflate the problems across categories. One solution might be to reorganize the "loan modification, collection, foreclosure" issue category. This could be done by renaming it "unable to pay" with three sub-issue categories (loan modification, collection, foreclosure). Then, similarly, reorganize the "loan servicing, payments and escrow account" issue category. Rename it to "making payments" and create three sub-issue categories (loan servicing, payments and escrow account). Then, reorganize the "application, originator, mortgage broker" issue category. Rename it to "applying for the Loan" and create three sub-issue categories (again, application, originator, mortgage broker).

3) Provide Datasets To Compensate For Lack of Commercial Availability: While mortgage category re-organizations would better align problems with the portion of the market that they are part of, we acknowledge a second normalization problem. In U.S. PIRG's research for its July 2015 "Mortgages and Mortgage Problems" report, and for other reports in its Consumer Complaint Database series, it was difficult to find adequate commercially available datasets on market share. This excerpt from U.S. PIRG's mortgage report methodology explains some of the problems that they faced (and the assumptions/limitations that resulted):

Normalizing Complaints by Company Size

The CFPB's database publishes mortgage complaints for 754 companies. For this report, we looked at the 10 most complained about companies, which make up 77% of all complaints. (See Table 2.) (Appendix A includes a list of the 30 most complained about companies, which make up 91% of all complaints.)

To allow for comparisons across mortgage companies of different sizes, we compared the share of complaints for each of the 10 most complained about companies to each company's market share of loans serviced.

While not all of the 10 most complained about companies originate loans, all of them service loans, which is why we looked at market share for loans serviced by each of these 10 companies. We referenced mortgagestats.com, published by Source Media, for the total number of loans serviced by each company from Q4 2011 through Q3 2014, the last quarter for which data is provided on the site.

In order to account for differences in company size, we compared the market share of loans serviced by each of the 10 most complained about companies to each company's share of complaints.

We used the data on mortgagestats.com for Walter Investment Management Corp. as a proxy for the data of Green Tree Servicing, which is the exclusive servicer for Walter Investment Management Corp.

Loan data could not be found for HSBC, which has its loans serviced by PHH Mortgage. Although PHH Mortgage is listed on the site, its numbers include servicing it provides for other companies.

While normalizing on 9 of 10 of the largest firms captures 77% of the market share, ideally we would prefer to have data on more firms. You would need the top 30 firms for example, to get an estimated 91% of all complaints. Similar data limitation and unavailability problems occur when other sectors are examined. Some commercially available data – for example in the credit card sector -- also mix complaint categories,

We would recommend that to the extent that the CFPB can use its own datasets or information obtained from supervision or call reports to publish tables that allow for easier normalization of mortgage firms, mortgage services, credit card companies, student loan servicers or firms in other sectors, researchers would have a greater number of choices to make normalization decisions and make their market analyses more robust. We recognize that the CFPB may face both contractual limitations on its uses of commercial data and confidentiality issues related to supervisory data, but to the extent it can solve these problems it could improve research based on normalization of database results.

4) Normalizing Data Will Improve Results and Enable Better Comparisons:

Some of the Bureau’s questions seek to determine how to define a market or market share, whether normalizing will enable “meaningful” company comparisons, whether the answers vary depending on categories in the database and whether metrics can be “reliably” obtained. To a large extent, these questions seem to echo industry claims, but not actual deficiencies in the database.

Simply by providing more tools for normalization, researchers will be able to identify new and useful patterns in the data. There is no need for the bureau to make the arbitrary conclusion as to which comparisons are most meaningful or to fall into the trap of having to vet or “independently verify” metrics. Normalization is always based on assumptions and limitations. As long as the metrics are publicly articulated in methodologies, results can be compared. The bureau’s responsibility is to provide tools to help make markets work better, not to respond to allegations by regulated firms that the database poses reputation harms. Unfair marketplace practices pose real reputational harms. Remediation of those practices after public exposure will reduce them. In addition, we would urge more companies to provide responses, rather than refusing to respond, to narratives in the public Company Response field.

Thank you for considering our recommendations. We appreciate the massive effort that has gone into consistently improving the public complaint database to assist consumers to empower themselves toward creating a safer financial marketplace.

Sincerely,

Americans for Financial Reform
Bedford-Stuyvesant Community Legal Services
California Reinvestment Coalition
Center for Digital Democracy
Connecticut Fair Housing Center
Consumer Action
Consumer Federation of America

Consumers Union
Empire Justice Center
Legal Services NYC
Legal Services NYC-Bronx
Manhattan Legal Services
National Association of Consumer Advocates
National Consumer Law Center (on behalf of its low income clients)
National Fair Housing Alliance
New Economy Project
Privacy Rights Clearinghouse
Reinvestment Partners
Queens Legal Services
South Brooklyn Legal Services
Southeastern Ohio Legal Services
Staten Island Legal Services
U.S.PIRG
Woodstock Institute
World Privacy Forum