

CFPB Wants to Publish Detailed Consumer Complaints

September 16, 2014

The Consumer Financial Protection Bureau (CFPB) has proposed to publicly disclose details of consumer complaints filed through its web-based public consumer complaint database by including a consumer narrative of events that led to the complaint. The current online database contains basic, anonymous, information about the complaints, including the company, product type, and a general term describing the issue, such as "billing dispute," "loan modification/foreclosure," or "transaction issue." The database is searchable by any of these variables. According to the CFPB, adding detailed consumer narratives would provide consumers and companies with information about how customers feel they have been harmed, identify whether a practice complained of is localized to a geographic area or used across the market by companies, and give companies incentives to address issues. The CFPB accepts complaints about credit cards, mortgages, and other consumer financial products, including bank accounts, credit reporting, student loans, debt collection, vehicle and other consumer loans, and money transfers. To date, the CFPB has processed more than 400,000 complaints. Additionally, more than \$1 billion in reimbursements and fines have been imposed against companies in enforcement orders issued. Frequently, investigations leading to enforcement orders against entities have been triggered by a volume of consumer complaints. Permitting consumers to describe their experiences in their own words in an unstructured and potentially unlimited fashion creates substantial risk that the narratives may contain factually incorrect information due to a consumer's misunderstanding or mis-recollection of the events. Publication of any misinformation could cause companies significant reputational risk, both among potential consumers and other market participants. These risks may not be adequately mitigated by permitting companies to publish their responses to the narratives, also part of the proposal. The CFPB (www.regulations.gov) has extended the time to submit comments on the proposal to September 22, 2014.

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