

CFPB Proposes Publishing Detailed Consumer Complaints

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On July 16, the Consumer Financial Protection Bureau (CFPB) published a [proposal](#) to expand public disclosure of details of consumer complaints filed via its web-based public consumer complaint [database](#). The current database contains basic, anonymous information about the complaints received, including the consumer's zip code, 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. Thus, a list of complaints against a company can be searched and located by the subject company (or plaintiffs' counsel). Under the proposal, the public data would be expanded to include an unstructured consumer narrative of the events that led to the complaint, and the issue the consumer seeks to resolve. The Bureau suggests that this would enhance the utility of the database by giving the complaint context, identifying specific trends, educating consumers, and spurring competition based on consumer satisfaction or lack thereof. More specifically, according to the CFPB, including narrative details about the complaints would provide information to consumers, consumer groups, and industry about how customers feel they have been harmed, identify whether a practice complained of is localized to a geographic area or used by companies across the market, and provide companies with incentives to address issues. To address privacy concerns, the complaint narrative would not be published unless the consumer consented to publication when filing the complaint. The proposal also states that the Bureau would scrub personal information about consumers from the narratives before publication. The CFPB began accepting online complaints in 2011, beginning with complaints about credit cards. Mortgage complaints were added next, and complaints are now accepted on many other consumer financial products, including bank accounts, credit reporting, student loans, debt collection, vehicle and other consumer loans, money transfers, and payday loans. More than 400,000 complaints have now been processed by the Bureau, and it has vigorously exercised its enforcement authority, assessing more than \$1 billion in reimbursements and fines against companies in enforcement orders issued to date. Investigations and subsequent enforcement orders against particular entities have been triggered in numerous instances by a volume of consumer complaints. According to the CFPB, the increased narrative disclosure was sought by consumer, civil rights, and other groups who suggested it would

provide consumers with useful information on which to make financial decisions. It may be inferred that the "consumer groups" who sought or will benefit from the expanded narrative include plaintiff's counsel seeking to obtain information to help target companies for class action lawsuits. The proposal does not reflect whether there will be any limitation on the length of the narratives. Permitting consumers to describe their experiences in their own words, and in an unstructured and potentially unlimited fashion, also creates substantial risk that the narratives may contain factually incorrect information as a result of a consumer's misunderstanding or misrecollection of the events. Publication of such misinformation could result in significant reputational risk to companies, both among potential consumers and other market participants. Such risk may not be adequately mitigated by permitting companies to publish their responses to the narratives, also part of the proposal. The CFPB is seeking public comments on the proposal within 30 days of its publication date. Information as to where to submit comments is contained on the first page of the proposal, linked in the first sentence, above.

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