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June 4, 2018

Comment Intake
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

**RE: Request for Information Regarding Bureau Public Reporting Practices of
Consumer Complaint Information
Docket No. CFPB-2018-0006**

Dear Acting Director Mulvaney:

On behalf of nearly 38 million members in all 50 States, the District of Columbia and U.S. territories, AARP writes today to thank you for the opportunity to respond to the Consumer Financial Protection Bureau's (CFPB) request for information on public reporting practices of consumer complaint information. AARP believes that the CFPB's public consumer complaint database serves a vital function in ensuring that individuals who encounter difficulties with a financial product or service will have their concerns addressed, and that policymakers and researchers have the opportunity to identify distressing trends before they become market-wide problems that cause greater financial harm. AARP is a nonpartisan, nonprofit, nationwide organization that helps people turn their goals and dreams into real possibilities, strengthens communities and fights for the issues that matter most to families such as financial security, retirement planning, healthcare, affordable utilities and protection from financial abuse.

AARP has a long history of advocating for consumer rights and in 2013 launched its Fraud Watch Network¹ with the goal of raising awareness about scams and fraud, and providing information and support to people of all ages. AARP's education and awareness efforts include online content, in-person group presentations, and the Fraud Watch Helpline that people can call to assess potential scams and where victims can receive assistance with navigating fraudulent encounters. Today, AARP has about 1.3 million subscribers to Fraud Watch and receives about 30,000 calls a year. In addition, AARP has utilized data collected by the CFPB and finds the insight and information shared by the bureau critical to supporting older Americans across the country.

¹ www.aarp.org/fraudwatchnetwork

The CFPB's commitment to protecting older Americans from financial abuse is especially important to AARP. As noted in the CFPB's May 2017 monthly snapshot on complaints from older consumers, the bureau has received over 103,000 complaints from individuals age 62 or older² from July 2011 through March 2017.³ Even though scams and fraud are likely very underreported, the CFPB's complaint database gives researchers and others a vital glimpse into what is happening in the marketplace. For instance, for the first time this year and with information provided by the CFPB, the Federal Trade Commission (FTC) was able to issue a report that includes age breakouts showing that seniors lose a significantly higher amount of money per victimization than younger people.⁴

Furthermore, the CFPB's public database demonstrates, via specific narratives, the wide range of practices at financial firms that harm consumers. A glance at the CFPB's public complaints conveys the difficulties and frustrations individuals have faced. These challenges are illustrated in a variety of settings and relationships, including but not limited to:

- Servicing problems with reverse mortgages -- reverse mortgages in particular are exclusively available to people age 62 and over and present issues related to servicing problems that sometimes result in foreclosure proceedings.
- Banks unresponsiveness to reports of fraudulent charges on credit cards;
- Collections threats on debts beyond statute of limitations;
- Medical billing disputes that may result in negative impact to credit scores; and
- Reports of fraudulent use of checks by a caregiver.

These consumer complaints are far from frivolous; an analysis last year by Bloomberg found that depending on the market, the average annual rate of complaints between January 2015 and April 2017 ranged from a low of 9 per 100,000 bank account clients to a high of 62 per 100,000 debt collection clients.⁵ In many of these cases, victims have already attempted to resolve the matter directly with their financial institution, and the CFPB's complaint portal is their last hope for relief. Given the rapid, continuing decline in the number of bank branches nationwide, customers have less ability to attempt to resolve

² Since only 54 percent of consumers report their age, the number of complaints by older consumers is likely understated.

³ Consumer Financial Protection Bureau, "CFPB Monthly Snapshot Spotlights Complaints from Older Consumers," May 31, 2017, available at <https://www.consumerfinance.gov/about-us/newsroom/cfpb-monthly-snapshot-spotlights-complaints-older-consumers/>.

⁴ FTC, Consumer Sentinel Network Data Book, January-December 2017 <https://www.ftc.gov/policy/reports/policy-reports/commission-staff-reports/consumer-sentinel-network-data-book-2017/main>. The Data Book is a compilation of reported complaints available only to law enforcement. Data is from January – December 2017, from FTC, CFPB, IRS, USPS and many state law enforcement organizations.

⁵ Mark Whitehouse, "How Financial Companies Handle Angry Customers," Bloomberg, November 27, 2017, available at <https://www.bloomberg.com/view/articles/2017-11-27/how-financial-companies-handle-angry-customers>.

financial account disputes in-person.⁶ There are also certain financial services -- such as credit reporting and debt collection -- in which the consumer has limited service provider options. In such cases, a dissatisfied consumer may lack the ability to simply switch to another company, as demonstrated after last year's Equifax data breach.

Victims also have few legal avenues for cases in which these informal efforts fail. Mandatory arbitration provisions in contracts often preclude victims from taking a financial institution to court.⁷ Meanwhile, the dollar amounts at stake may be too small to justify pursuing arbitration or, in the absence of arbitration language, paying for an attorney. For all of these reasons, the CFPB's complaint portal is an essential tool. Public disclosure of individual complaints, and timely, periodic reporting about aggregate complaint trends, ensures that individual complaints are fully investigated and that victims' voices are heard.

The public complaint database is also a beneficial tool for companies because it provides an opportunity for them to identify and resolve problems without the impetus of new regulations or enforcement. The database also validates whether a company's stated commitments by leadership are kept by staff on the ground, or if company policies and procedures are inconsistently applied.⁸ The public complaint database can also serve as a positive influencer over the marketplace -- for example, if a particular practice at a bank leads to a high frequency of complaints then this may also serve as a warning to other banks to examine whether they engage in the same practices. Without publishing the complaint records -- and naming companies publicly, as is presently the case -- then these deterrent effects are lost.

Additionally, the public database allows third parties to analyze trends and identify areas where future intervention may be necessary. If the CFPB complaint database had existed prior to the 2008 financial crisis, consumers' difficulties with mortgage lenders and servicers would have been more widely known sooner and could have been addressed in a more timely manner. In this case, the avoidance and mitigation of individual consumer harm in response to widespread public complaints could have prevented far larger and more sweeping economic harm across the country.

The public-facing nature of the CFPB complaint database has also been recognized as an innovative approach to regulate markets more efficiently.⁹ Notably, the CFPB is not the only federal agency to make complaints public. Both the National Highway Traffic Safety

⁶ Rachel Louise Ensign, Christina Rexrode, and Coulter Jones, "Banks Shutter 1,700 Branches in Fastest Decline on Record," *The Wall Street Journal*, February 5, 2018, available at <https://www.wsj.com/articles/banks-double-down-on-branch-cutbacks-1517826601>.

⁷ Consumer Financial Protection Bureau, "Arbitration Study: Report to Congress 2015," available at http://files.consumerfinance.gov/f/201503_cfpb_arbitration-study-report-to-congress-2015.pdf.

⁸ Joe Valenti, Julia Gordon, and Marc Jarsulic, "Making Consumer Voices Count" (Washington: Center for American Progress, 2014), available at <https://www.americanprogress.org/issues/economy/news/2014/10/02/98243/making-consumer-voices-count/>.

⁹ Blair Levin and Larry Downes, "We need more, not fewer, government Yelps," *The Washington Post*, May 2, 2018, available at <https://www.washingtonpost.com/news/innovations/wp/2018/05/02/we-need-more-not-fewer-government-yelps/>.

Administration's vehicle complaint database¹⁰ and the Consumer Product Safety Commission's household products complaint database¹¹ publish individual complaints, including complaint narratives. Rather than an anomaly, the CFPB public complaint database is a best practice for empowering consumers and monitoring market trends.

In addition to AARP's stated support for the CFPB's public complaint database, AARP would like to recommend ways in which the current system and process could be strengthened and improved for the sake of consumers. AARP recommends that the CFPB:

- Continue collection of age data and require that age data be reported for all complaints. If the age data were more complete, researchers and advocates would have a better picture of where older consumers need help.
- Continue collecting and reporting state and local data, including ZIP code data where appropriate – regional information can be useful for many reasons including targeting resources and supporting state and local action in addressing trends.
- Continue reporting company names – this information is invaluable in helping consumers identify potentially risky service providers.
- Publish the company responses to the complaints – this transparency is critical in assessing a company's handling of a serious claim and should be readily available.
- Continue to prepare reports specifically about older consumers – as stated above, these reports serve as an important source of information not only for advocates such as AARP but also for other agencies like the FTC.

AARP appreciates the opportunity to address our concerns about public reporting practices on consumer complaints, and believes that the CFPB's public complaint database advances market transparency and consumer protection for all Americans. If you have any questions, please feel free to contact Jasmine Vasquez of our Government Affairs staff at (202) 434-3711 or by email at JVasquez@aarp.org.

Sincerely,



David Certner
Legislative Counsel and Policy Director
Government Affairs

¹⁰ <https://www-odi.nhtsa.dot.gov/VehicleComplaint/>

¹¹ <https://www.saferproducts.gov/Search/default.aspx>