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Monica Jackson
Office of the Executive Secretary
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Via: <http://www.regulations.gov>

Re: Docket No. CFPB–2014–0016, Disclosure of Consumer Complaint Narrative Data

Comments to a Notice of Proposed Policy Statement

Public Citizen, a consumer advocacy organization with more than 300,000 members and supporters nationwide, submits these comments strongly supporting the Consumer Financial Protection Bureau’s (CFPB or bureau) proposal to include “unstructured consumer complaint narrative data” in its public, web-based consumer complaint database.¹ We agree that the agency’s proposal is consistent with its mission “to provide consumers with timely and understandable information about consumer financial products and services, and improve the functioning, transparency, and efficiency of markets for such products and services.”²

When the bureau launched the consumer complaint database on credit cards in June 2012, Public Citizen immediately called for the agency to include specific and detailed narratives.³ We have long advocated and strongly supported the establishment and use of public, online government databases.⁴

We believe consumer complaint narratives are an essential tool for informing the public, empowering consumers and uncovering patterns of potentially harmful industry practices. Our experience has proven that the quicker the risks to the public interest are uncovered and

¹ CFPB, *Disclosure of Consumer Complaint Narrative Data, Notice of proposed policy statement with request for public comment*, 79 Fed. Reg. 42765 (July 23, 2014).

² *Id.* at 42766.

³ Public Citizen, *CFPB Public Credit Card Complaint Database Constitutes Modest Advance*, (June 19, 2012), <http://bit.ly/1uXnepj>.

⁴ See, e.g., *Statement of Public Citizen Before the U.S. Consumer Product Safety Commission, Establishment of A Public Consumer Product Safety Incident Database*, (Nov. 10, 2009), <http://bit.ly/1uY3lhQ>.

exposed, the less likely it is that members of the public would be harmed by practices of specific companies or industries.

Further, we have observed how the added detail of consumers' first-hand experiences have provided a fuller picture of incidents, enabling the public to make more informed assessments that positively impact their decision-making. We are pleased that the Bureau has recognized the addition of consumer narratives to the database as a natural next step to building a more robust and useful complaint database.

Benefits of Narratives

Potential benefits resulting from adding narratives (which likely would describe the transaction, the respective entity's alleged conduct and harm to the consumer) to the complaint database, would include the following advantages for the public:

- The narratives would add valuable information to help consumers researching the database to more accurately assess the tenor of complaints and better identify risks of specific in financial transactions.
- Complaints that evolve through the process of using a narrative database – from submission of the narrative descriptions to company responses to potential reporting of their resolutions – will help consumers to learn from each other and make shrewd decisions about individual financial products.
- Financial institutions can use the information to improve customer service as well as improve and update their financial products and services.
- While public interest, press and other organizations have published reports identifying trends and patterns with barebones complaints currently available on the database,⁵ the added narratives will provide the opportunity to produce more in-depth research on financial product performances, identify trends, and assess their impact on the marketplace.

Role of Data

Technology has permitted companies with significant resources to buy, sell and share marketing information containing detailed profiles of consumers. This helps businesses to woo potential customers with whom they would like to do business. Companies advocate for the ability to collect, analyze and use consumer data, sometimes at the expense of individuals' privacy.⁶ Given the often intrusive use of consumer data, it is all the more notable that some businesses object to the reporting and collection of information about their own business practices.

The reach of the proposed CFPB complaint database narratives are not of a level that's comparable to the financial industry's vast power to collect data and target potential customers. But as the industry collects and uses data to its advantage, likewise the consumer database will help consumers to report and collect more detailed information about companies with whom they are doing or considering doing business. Consumers will be able to assess incident report

⁵ See, e.g. U.S. PIRG, *Reports: The CFPB Gets Results for Consumers*, <http://bit.ly/1uJkZqy>.

⁶ Federal Trade Commission, *Big Data, A Tool for Inclusion or Exclusion?* (Sept. 15, 2014), <http://1.usa.gov/X4DdGD>.

details to help them distinguish between businesses that engage in predatory or harmful practices and those that do not.

Verification Claims

The bureau currently verifies the business relationship between the consumer and the company that is the subject of the complaint. It proposes to do the same when narratives are published to the database. But the agency makes clear on its web site that the agency does not verify all of the facts alleged in the complaints. While there have been objections to the potential risk of inaccurate statements on the database, the bureau has proposed sufficient procedural safeguards to prevent unreasonable abuses.

First, due to its responsibility to verify the relationship between the regulated entity and the individual consumer, the bureau touches every complaint before it is published on the database. Second, the bureau gives every entity that is the subject of a complaint an opportunity to respond to the complaint, and publish its own response narrative alongside the complaint. A researching consumer can then read both sides of a complaint and draw his or her own conclusions.

Moreover, financial institutions' demands for CFPB's verification of each complaint are unworkable in some ways and also unnecessary. It would be overly burdensome and a waste of resources for the CFPB to verify all complaints. Companies are better equipped to investigate and address complaints from their customers. They can publicly respond and actively dispute complaints publicly on the database (without risking consumer privacy) as well as privately through communications with the agency and respective customers who submitted complaints.

Recommendations

Consumer Consent (Opting In)

We endorse the bureau's proposal to allow consumers to decide whether or not to disclose their complaint details in a public database, through an opt-in policy. The consent option should be made available before a consumer submits a complaint, as this is when the details are freshest in the consumer's mind. We agree that consumers should be given the opportunity to change their minds and return a complaint to a private setting. We also support the bureau's proposal to publish a company's response to a complaint alongside the original dispute.

The bureau should warn financial institutions in communications involving the complaint database about the companies' ongoing responsibility to protect their customers' private information, and urge them to refrain from using private information to harass or intimidate those who submit complaints on the database.

Protecting Personal Information

While we ardently support the database narratives, we stress the necessity of safeguarding consumers' personal information. We believe the precautions that the bureau has proposed will reasonably protect people's personal information, including requiring informed consumer consent to disclose complaint details, use of algorithms and then scrubbing personally identifiable information from each complaint.

Devil in the Details

Users should be allowed to submit as much detail as possible regarding a product and ensure that the information is posted on the online database in a timely manner. The bureau's form for narratives should provide for unlimited text to permit consumers to describe their respective transaction and alleged financial injuries. Further, we suggest that the agency include information from submitters after posting of the original complaint, indicating how the issues were resolved.

Timeliness

We appreciate that the Bureau continues to plan to post consumer complaints after a 15-day notice to companies to respond. Although the narratives will contain more detailed information, the bureau should ensure that it is equipped to review and post the complaints with the narratives in a timely manner. Further, we urge the bureau to refuse requests to delay the posting of consumer complaints on the database while regulated entities draft responses or other extraneous activities. Delays in posting will reduce effectiveness and impact of the narratives on the reviewing public.

We are also pleased that the bureau has not applied a statute of limitations for consumer reports of financial injuries. Consumers could be coping with years-old transactions in their financial histories that continue to harm them. Those transactions may still be relevant to the ongoing operations and practices of the respective financial institutions.

Based on our previous experience with government databases, we strongly believe that the proposed narratives in the consumer complaint database will improve consumer protection against potentially deceptive and even illegal financial products and services. We applaud the CFPB for taking this additional step to enhance this vital public resource.

Thank you for the opportunity to comment on this important proposal.

Respectfully submitted,

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