Comment Letter - Request for Information Regarding the Bureau's Consumer Complaint and Consumer Inquiry Handling Process

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July 16, 2018
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July 18, 2018
Monica Jackson, Office of the Executive Secretary
onsumer Financial Protection Bureau
1700 G Street, NW Washington, DC
Docket No. CFPB-2018-00014

Re: Request for Information Regarding the Bureau's Consumer Complaint and Consumer Inquiry Handling Processes

Dear Ms. Jackson,

The Conference of State Bank Supervisors ("CSBS" or "state regulators") appreciates the opportunity to comment on the Consumer Financial Protection Bureau's ("CFPB" or "Bureau") Request for Information Regarding the Bureau's Consumer Complaint and Consumer Inquiry Handling Processes ("RFI"). CSBS is the nationwide organization of state regulators from all 50 states, American Samoa, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands. CSBS supports the state banking agencies by serving as a forum for policy and supervisory process development, by facilitating regulatory coordination on a state-to-state and state-to-federal basis, and by facilitating state implementation of policy through training, educational programs, and examination resource development.

In addition to chartering and supervising 79 percent of the nation's banks, CSBS member agencies are also the primary regulators of over 20,000 non-depository financial services providers, including residential mortgage lenders and servicers, money service businesses and money transmitters, debt collectors, consumer and small dollar loan lenders, and emerging and established financial technology companies. State regulators and the CFPB exercise coordinated regulatory, supervisory and enforcement authority over certain depository and non-depository institutions through the State Coordinating Committee (SCC)[1]. The SCC is a multi-state regulatory oversight group responsible for the coordination of multi-state, nonbank financial services examinations with the CFPB. CSBS appreciates the mutual partnership with the Bureau and looks forward to continuing coordinated supervision and information sharing with the CFPB as it relates to the sharing, routing, and handling of consumer complaints.

The SCC was established in 2013 with the overarching goal to maintain consistent standards for examinations, while promoting efficient information sharing between the CFPB and state regulators. The SCC has helped to improve state-to-state and state-to-federal coordination in non-depository supervision in unprecedented ways by eliminating regulatory redundancies and by enhancing the supervisory capacity of state and federal regulators.

State regulators routinely receive, review, and follow-up on consumer complaints with respect to activities within their jurisdiction. State regulators also serve as a source of information for consumers as they regularly disseminate consumer alerts to bring attention to emerging risks and scams. State regulators often act as the first regulatory point of contact for emerging consumer issues. Therefore, it is vital that the Bureau continues to communicate and coordinate its supervisory activities with state regulators.

State regulators have access to the CFPB Complaint Database (the "Database") by agreement, and we appreciate that the Bureau has been responsive in training state regulators on the use of the Database. In addition, state regulators feel that the functionality of the Database has vastly improved since the states began to access it in 2013.

State regulators appreciate the importance of the complaint intake and review process. When complaints are handled in a timely manner, the potential harm to consumers and further risk of exposure for the company is minimized. Specifically, to reiterate many of our comments made to the Bureau in 2014[2] and earlier this summer[3], we believe the Bureau should:

- Ensure that state regulators can review and address any complaint lodged against an institution(s) or person subject to the state regulator's jurisdiction regardless of where and how the complaint is filed.
- Explore technology options that would allow for federal and state regulators with different jurisdictions to view submissions from their supervised entities as they are added to the Database. A process should be in place to automatically inform all regulators with jurisdiction over an entity itself or the activity engaged in by an entity that a complaint regarding that entity has been added to the Database.
- Provide clarity around the ability of a third party to file a complaint on behalf of a consumer. State regulators continue to be concerned about the potential inability of the consumer to control their complaint information, including the decision to publish consumer narrative information.
- Consider adding an additional company look-up data field in the Database that would identify an entity's NMLS ID. Many companies have similar names, and it can be difficult to search for a specific entity without a commonly-accepted unique identifier. In addition, the collection of the NMLS ID would ensure that complaints are accurately attributed to the subsidiaries of large companies, instead of being automatically routed to the parent company, or another entity in the organizational structure.
- Allow state regulators timely access to the "spike and trends monitoring" tool, which is intended to be an effective early warning system to identify consumer issues quickly and engage with companies earlier.[4] Access to the tool will further enhance the ability of state regulators to spot issues and will provide a more comprehensive view of complaints in the market for financial services.

More generally, in revising its existing procedures and standards with respect to the Bureau's consumer complaint and consumer inquiry handling processes, we encourage the CFPB to do so in a manner that recognizes that state regulators, through their licensing and supervisory authority, serve as the primary regulators of non-depository financial services providers. We appreciate the opportunity to comment on the CFPB's RFI regarding its consumer complaint and consumer inquiry handling processes and look forward to the CFPB's continued dedication to coordinating supervisory efforts with state regulators, for it is only through robust coordination that we achieve our shared supervisory mission of protecting consumers in the most efficient and effective manner possible.

Sincerely,

John Ryan
President & CEO

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[1] *The SCC is comprised of members of representatives from six state financial regulatory associations, including: AARMR, CSBS, MTRA, NACCA, NACARA, and NASCUS.*

[2] *See CSBS's 2014 Comment Letter on the Consumer Financial Protection Bureau's proposal to disclose consumer narrative in the Consumer Complaint Database [CFPB-2014-00016], available here.*

[3] *See CSBS's 2018 Comment Letter in response to the Bureau's Request for Information (RFI) regarding the Bureau's public reporting practices of consumer complaint information [CFPB-2018-0006], available here.*

[4] *See Section 4.3, Spike and Trend Monitoring, Supervisory Highlights: Spring 2017, available at https://files.consumerfinance.gov/f/documents/201704_cfpb_Supervisory-Highlights_Issue-15.pdf.*