

Conference of State Bank Supervisors
Consumer Complaint Management

BEST
PRACTICES

CONSUMER COMPLAINT MANAGEMENT: BEST PRACTICES HANDBOOK

TABLE OF CONTENTS

Introduction and Purpose	3
Best Practice No. 1 - WRITTEN PROCEDURES	4
Best Practice No. 2 - COMPLAINT FORM AND INSTRUCTIONS	5
Best Practice No. 3 - CONSUMER ACCESSIBILITY	6
Best Practice No. 4 - CASE MANAGEMENT	7
Best Practice No. 5 - COMPLAINT RESOLUTION	8
Best Practice No. 6 - MANAGEMENT SYSTEMS	9
Best Practice No. 7 - DATA ANALYSIS.....	10
Best Practice No. 8 - DATA RETENTION	11
Best Practice No. 9 - STAFF AND TRAINING	12

INTRODUCTION AND PURPOSE

A CSBS Working Group developed the attached Best Practices for handling consumer complaints. The document draws from the experience of state banking departments and from CSBS' ongoing work with the federal banking agencies to develop referral procedures and a Common Consumer Complaint Form.

These recommendations are a framework for banking departments developing or expanding their complaint systems. Specific state procedures will be the result of the number and types of entities regulated, state laws, available staff and information technology systems.

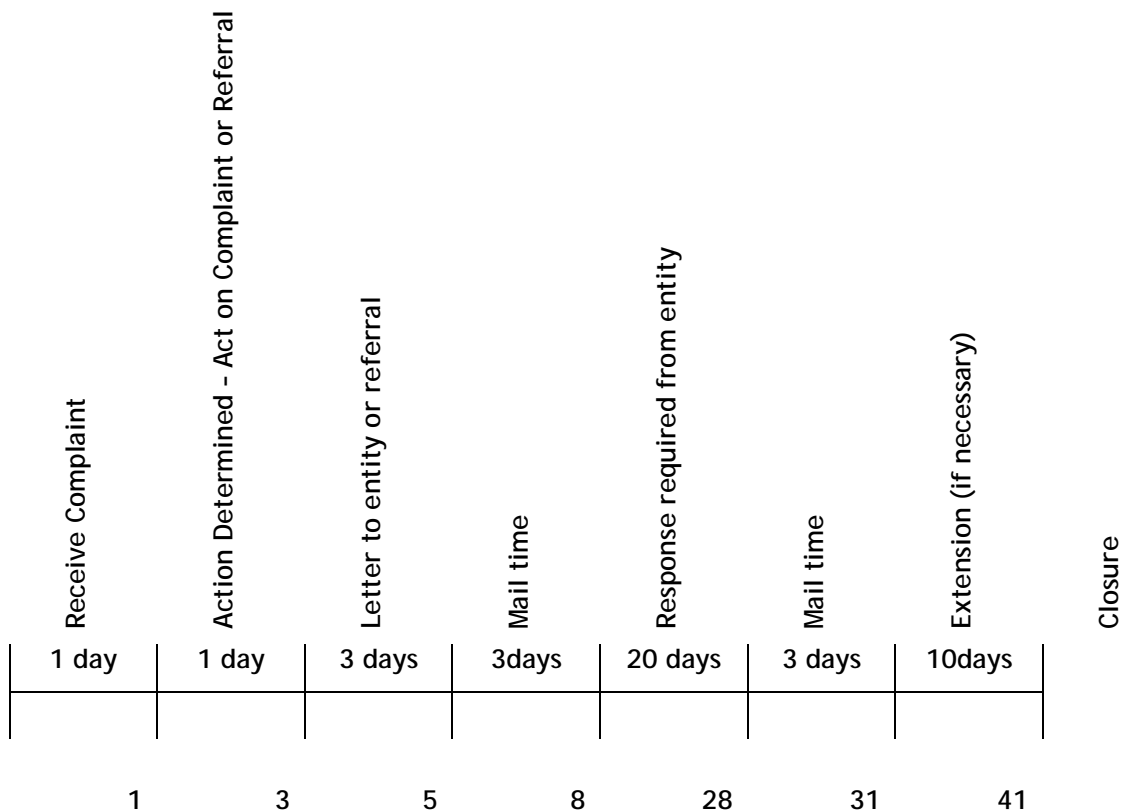
Best Practice No. 1 WRITTEN PROCEDURES

Each state agency should have written procedures for handling complaints to ensure appropriate handling.

Written procedure should include:

- What to do when a complaint is received (e.g., date stamp, distribution, etc.)
- Additional required steps in the complaint process (e.g., how to process the complaint)
- A timeline for handling and receiving responses to complaint. A sample timeline follows.
- How to handle referrals to other agencies.
- How and when to escalate a complaint.
- How to determine when a complaint is complete and “closed.”

Sample timeline:



This timeline is a sample. The actual timeline you use should be determined by your own department's requirements. The times in this timeline are approximate. Ideally, the maximum a complaint should be outstanding is 45 days. It is much more important, though, to get an accurate response to a consumer complaint than to get a quick response to a consumer complaint.

Best Practice No. 2

COMPLAINT FORM AND INSTRUCTIONS

The complaint form should be easily accessible to consumers

The form should be the Common Consumer Complaint Form, or

Include the uniform data field so that if a referral to another agency is required, all necessary information is available.

Required data fields are:

- Complainant's information (e.g., name, address, contact information.)
- Contact and authorization information if the complainant has an attorney or other representative.
- Information about the entity that is the subject of the complaint.
- Details of the complaint and copies of documents.
- Whether the complainant had contacted another government agency.
- Complainant's desired resolution.
- Disclaimers such as:
 - We cannot act as a court of law or as a lawyer on complainant's behalf.
 - We cannot provide legal advice.
 - We cannot become actively involved in complaints that are in litigation or have been resolved by the courts.
- Privacy Act Statement (varies according to your state law.)
- Authorization to forward to another agency.
- Signature that meets requirements of state law.
- Date.

Best Practice No. 3 CONSUMER ACCESSIBILITY

Consumer should have easy access to the complaint process.

Access methods could include:

- Telephone hotline
- Website
- U.S. Mail
- E-mail
- Fax
- Walk-in
- Referral from other agencies

Complainant should be responded to in the same manner as they filed the complaint (e.g., if they e-mail the complaint, they should be responded to via e-mail.)

Best Practice No. 4

CASE MANAGEMENT

Complaint should be delivered to employee(s) designated for handling of complaints.

Complaint should be screened for standard handling or escalation or referral.

Complaint should be forwarded to institution for response for escalated or referred to another agency.

Log should be kept of all complaints received and the disposition of complaint.

REFERRAL:

If the complaint involves a federally chartered depository institution, it should be referred to the appropriate federal agency, with a letter to the complainant explaining the referral.

If the complainant involves a state-chartered depository (not your state) it should be referred to the appropriate state regulator, with a letter to the complainant explaining the referral.

If the complainant involves a non-depository institution (e.g., payday lender, mortgage company, consumer lender, etc.) it should be referred to the appropriate state regulator, if applicable or to the Federal Trade Commission, with a letter to the complainant explaining the referral.

Best Practice No. 5

COMPLAINT RESOLUTION

Regulated institutions are expected to comply with consumer protection laws and ensure that customer accounts are accurate.

When your agency receives a consumer complaint on a regulated institution, you should send the complaint to them with a request that they review it and respond to the consumer.

Notify the consumer of the process and that you have asked the institution to review and respond to their complaint.

Once the institution responds, review their response for a satisfactory resolution. If the response satisfies the complaint, determine course of follow-up.

Follow-up on any complaints that the institution does not respond to satisfactorily or in a timely manner.

Best Practice No. 6 MANAGEMENT SYSTEMS

Have log of all consumer complaints filed

Use a tickler system to keep track of time frames.

Notify the consumer of when they should expect to hear from the institution or from the agency.

Track the complaint including:

- Date received by the agency
- Date submitted to the institution
- Date you expect a response from the institution
- Date you receive the response from the institution
- Resolution (e.g., is the consumer satisfied, is there restitution or fees waived, can the complaint be officially closed, or is a referral necessary, etc.)

Any necessary follow-up.

Date that the complaint was officially closed.

Best Practice No. 7

DATA ANALYSIS

Maintain a database to track complaints, including key dates (e.g., date the complaint was received, date of initial response from the agency, date of response from the regulated entity, date resolved, and amount of restitution to consumer, etc.)

Use a date stamp to mark all incoming documents.

Create a data field that track the outcome of the complaint investigation.

Possible outcomes can include:

- Valid Complaint - Resolved in the complainant's favor.
- Invalid Complaint - The complainant's allegations, even if true, would not constitute a violation of applicable law.
- Unsubstantiated - The complainant is unable to provide any support for the allegations contained in the complaint.
- Disputed Facts - The complainant and the regulated entity have a dispute regarding the facts of the case, so a determination of fact needs to be made by a court of competent jurisdiction.
- Referral - The case has been referral to another agency.
- Withdrawal by Consumer.

Set goals for response times and routinely review actual performance against those goals.

Keep track of any restitution or refunds obtained for consumers through your agency's intervention efforts.

Best Practice No. 8

DATA RETENTION

Check with your agency's legal representative to ensure that your data retention periods and related policies conform to state law.

Take your agency's examination cycle into account when deciding how long to retain complaint files.

- Files should be retained at least one examination cycle so that examiners have a chance to conduct an onsite review of the institution's policies, practices and internal controls.

Consider extending the retention period for cases in which it appears that a regulated entity may be engaged in criminal conduct.

Create an indexing system that allows complaint files to be located and retrieved easily. As an example, an institution may use a numbering system such as:

- The last two digits of the year in which the complaint was received (e.g. 2007 becomes "07").
- A single letter representing the general subject area of the complaint (e.g. use "M" for mortgage-related complaints).
- A case number assigned sequentially, starting with 001 in January of each year.

Track files in a database that either cross-references complaints or that can be searched by name or entity.

Retain the original version of all documents and correspondence received by your agency. If you need to share with the regulated institution, the complainant, or a third party, send photocopies. If you are forwarding to another agency, send the original copies and retain a photocopy for your files.

Print out relevant e-mails and include them in the file.

Keep a log of phone calls made or received in connection with the complaint and include a brief summary of what was discussed during the call.

Best Practice No. 9 STAFF AND TRAINING

Staff will vary depending on the size of your agency.

Staff should be able to identify whether the complaint should be handled by your agency or referred to another agency.

Staff should be sufficiently knowledgeable to understand the complaint and what consumer protection laws are applicable.

If a staff member cannot determine what jurisdiction your agency has, supervisor or legal representative should be available.

Most complaints can be handled by referring to the institution for response.

Escalation may be required if it appears that a legal violation may exist or risk to safety and soundness of any depository institution.

Periodic training should be provided to all staff handling consumer complaints, a consumer protection laws and regulations are constantly changing.