



cbsi REVIEW:
The Consumer Financial
Protection Bureau (CFPB)

Q2 2014

Highlights/Updates

Updates from the bureau for April – June 2014:

April 2014:

- The Consumer Financial Protection Bureau (CFPB) has ordered Bank of America, N.A. and FIA Card Services, N.A. to provide an estimated \$727 million in relief to consumers harmed by practices related to credit card add-on products. Roughly 1.4 million consumers were affected by Bank of America's deceptive marketing of their add-on products. Bank of America also illegally charged approximately 1.9 million consumer accounts for credit monitoring and credit reporting services that they were not receiving. Bank of America will pay a \$20 million civil money penalty to the CFPB. The full text of the CFPB's Consent Order is available at: http://files.consumerfinance.gov/f/201404_cfpb_bankofamerica_consent-order.pdf
- The Consumer Financial Protection Bureau (CFPB) today proposed revisions to its international money transfer rule. The revisions are intended to preserve the rule's new consumer protections while providing federally insured institutions, such as banks and credit unions, with additional time to provide exact disclosures in certain cases. The proposed revisions are available at: http://files.consumerfinance.gov/f/201404_cfpb_remittances-proposal.pdf
- Consumer Financial Protection Bureau (CFPB) Student Loan Ombudsman released a report highlighting complaints of "auto-defaults" in private student lending. Borrowers report that some lenders demand immediate full repayment upon the death or bankruptcy of their loan co-signer, even when the loan is current and being paid on time. Borrowers also describe facing bureaucratic barriers to releasing co-signers from their loans, a commonly advertised benefit that could help avoid auto-defaults. To help borrowers overcome obstacles to co-signer release, today the CFPB also issued a consumer advisory and sample letters. The CFPB Student Loan Ombudsman's Mid-Year Report is available at: <http://www.consumerfinance.gov/reports/mid-year-report-on-private-student-loans-2014/>

Highlights/Updates

April 2014, continued:

- Consumer Financial Protection Bureau (CFPB) today published a report which finds that many consumers are frustrated by the short amount of time they have to review a large stack of complex closing documents when finalizing a mortgage. The Bureau also released guidelines for an upcoming eClosing pilot project to assess how electronic closings can benefit consumers as they navigate the mortgage closing process. The report on mortgage closings is available at: <http://www.consumerfinance.gov/reports/mortgage-closings-today/>
- Consumer Financial Protection Bureau (CFPB) is proposing minor adjustments to its mortgage rules to ensure access to credit. The proposal includes two changes that would help certain nonprofit organizations continue to provide mortgage credit and servicing to underserved populations. The proposal also lays out limited circumstances where lenders that exceed the points and fees cap can refund the excess amount to consumers and still have the loan be considered a Qualified Mortgage. The proposed rule is available at: http://files.consumerfinance.gov/f/201404_cfpb_tila_proposed-amendments.pdf

Highlights/Updates

May 2014:

- Consumer Financial Protection Bureau (CFPB) today took action to better protect children in the foster care system from credit reporting problems that could compromise their future credit. The Bureau published action letters for child welfare caseworkers to send to credit bureaus if they find errors on the credit reports of the children in their care. Copies of the tip sheets are available at: <http://www.consumerfinance.gov/blog/how-to-protect-vulnerable-children-from-identity-theft/>
- Consumer Financial Protection Bureau (CFPB) today proposed a rule to promote more effective privacy disclosures from financial institutions to their customers. The rule would allow companies that limit their consumer data-sharing and meet other requirements to post their annual privacy notices online rather than delivering them individually. A copy of the proposed rule is available at: http://files.consumerfinance.gov/f/201405_cfpb_annual-privacy-notice-proposal.pdf
- Consumer Financial Protection Bureau (CFPB) released a snapshot report spotlighting the mortgage debt challenges faced by a growing number of older Americans. These challenges include more mortgage debt, less affordable housing, and greater risk of foreclosure. The CFPB is also issuing a consumer advisory today reminding older consumers approaching retirement to think about their mortgage pay-off date and to consider their retirement income and expenses. The Snapshot of Older Consumers and Mortgage Debt is available at: <http://www.consumerfinance.gov/reports/snapshot-of-older-consumers-and-mortgage-debt/>
- Consumer Financial Protection Bureau proposed a new rule designed to make privacy disclosures for financial institutions more effective, and less expensive and tedious. Instead of mailing out the notices each year to perhaps millions of customers, card issuers and other financial organizations within the bureau's jurisdiction may post the notices online. But they may only do so if they satisfy certain conditions, such as not sharing data in ways that would trigger consumers' opt-out rights, according to the [CFPB](#).

Highlights/Updates

May 2014, continued:

- Consumer Financial Protection Bureau (CFPB) released a research report that found consumers' credit scores may be overly penalized for medical debt that goes into collections and shows up on their credit report. According to the study, credit scoring models may underestimate the creditworthiness of consumers who owe medical debt in collections. The scoring models also may not be crediting consumers who repay medical debt that has gone to collections. The study, "CFPB Data Point: Medical Debt and Credit Scores," can be found at: <http://www.consumerfinance.gov/reports/data-point-medical-debt-and-credit-scores/>
- Consumer Financial Protection Bureau (CFPB) today issued a report highlighting illegal actions uncovered by the Bureau's supervision of the payday, debt collection, and consumer reporting markets. These markets are being federally supervised for the first time. The report also notes that recent non-public CFPB supervisory activities overall have resulted in more than \$70 million in remediation to approximately 775,000 consumers. The Supervisory Highlights report is available at: <http://www.consumerfinance.gov/reports/supervisory-highlights-spring-2014/>

Highlights/Updates

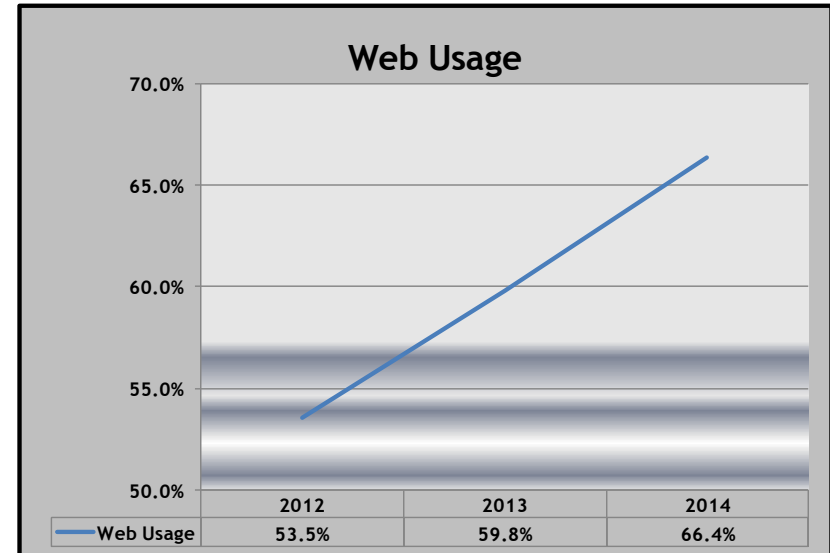
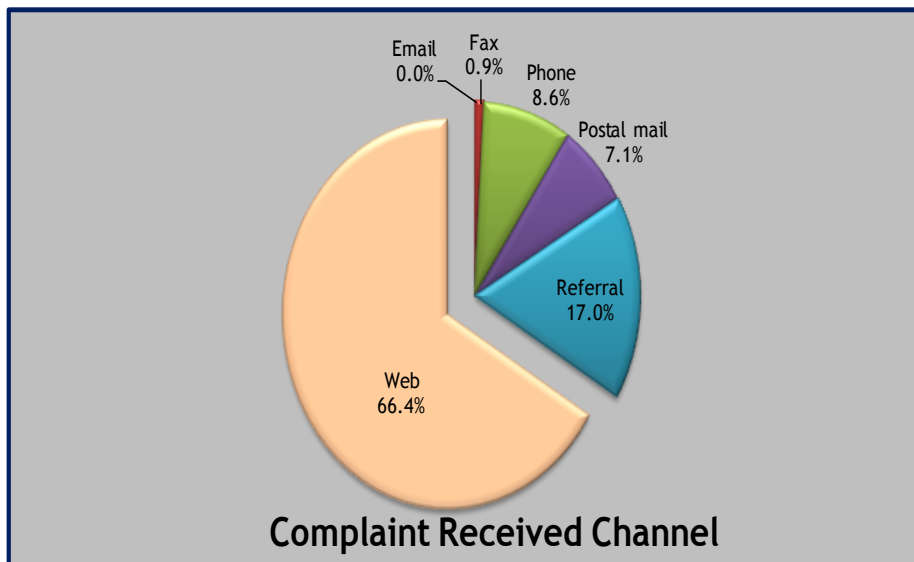
June 2014:

- Consumer Financial Protection Bureau (CFPB) announced it is launching an inquiry into the opportunities and challenges associated with the use of mobile financial services. As part of the inquiry, the Bureau is exploring how mobile technologies are impacting unbanked and underserved consumers with limited access to traditional banking systems. The Request for Information (RFI) can be found at: http://files.consumerfinance.gov/f/201406_cfpb_request-for-information_mobile.pdf
- Consumer Financial Protection Bureau (CFPB), Department of Justice (DOJ), Department of Housing and Urban Development (HUD), and attorneys general in 49 states and the District of Columbia filed a proposed federal court order requiring SunTrust Mortgage, Inc. to provide \$500 million in loss-mitigation relief to underwater borrowers. The order also requires SunTrust to pay \$40 million to approximately 48,000 consumers who lost their homes to foreclosure and \$10 million to the federal government. The order addresses systemic mortgage servicing misconduct, including robo-signing and illegal foreclosure practices. SunTrust must also pay a \$418 million penalty, in a parallel mortgage lending filing announced by DOJ today. A copy of the SunTrust complaint that was also filed in the federal court in the District of Columbia has been posted at: <http://www.consumerfinance.gov/>
- Consumer Financial Protection Bureau (CFPB) is ordering GE Capital Retail Bank (GE Capital), now known as Synchrony Bank, to provide an estimated \$225 million in relief to consumers harmed by illegal and discriminatory credit card practices. GE Capital must refund \$56 million to approximately 638,000 consumers who were subjected to deceptive marketing practices. As part of the joint enforcement action by the CFPB and Department of Justice, GE Capital must also provide an additional \$169 million to about 108,000 borrowers excluded from debt relief offers because of their national origin. This order represents the federal government's largest credit card discrimination settlement in history. The full text of the CFPB's Consent Order is available at: http://files.consumerfinance.gov/f/201406_cfpb_consent-order_synchrony-bank.pdf

How Complaints Reach the CFPB

- Credit Cards cumulative data from January 2014 to June 2014 shows 66.4% of all complaints were submitted through CFPB's Website.
- Usage of the Web remains the most popular channel, currently representing 66.4% of all submissions. (Q1 & Q2 of 2012, 2013 & 2014)

Tally of complaints received by:	Email	Fax	Phone	Postal mail	Referral	Web
% of complaints received by:	0.0%	0.9%	8.6%	7.1%	17.0%	66.4%



Top 10 Credit Card Complaints & Top 10 Issues Reported

- Billing Disputes ranked 1st in Q1 & Q2 of 2013 and 2014.

2013 - Q1 & Q2		
Top 10 Issues Reported	Total	% of Total
Billing disputes	1,305	28%
Other	465	10%
APR or interest rate	455	10%
Credit reporting	454	10%
Closing/Cancelling account	454	10%
Identity theft / Fraud / Embezzlement	436	9%
Collection debt dispute	275	6%
Collection practices	269	6%
Late fee	258	6%
Credit determination	241	5%
Grand Total	4,612	100%

2014 - Q1 & Q2		
Top 10 Issues Reported	Total	% of Total
Billing disputes	1,246	24%
Other	913	18%
Identity theft / Fraud / Embezzlement	651	13%
Closing/Cancelling account	473	9%
APR or interest rate	459	9%
Customer service / Customer relations	319	6%
Late fee	316	6%
Delinquent account	271	5%
Credit determination	254	5%
Billing statement	240	5%
Grand Total	5,142	100%

Overall Issuer Response to Credit Card Complaints

- In Q1 & Q2 of 2013 and 2014, an average of 62% of Credit Card Complaints “Closed with an explanation”, followed by 24% “Closing with monetary relief”.

How companies have responded to consumer complaints.				
Row Labels	2013		2014	
	JAN-JUN.	% of Total	JAN-JUN.	% of Total
Closed with explanation	4,099	60%	4,437	63%
Closed with monetary relief	1,695	25%	1,616	23%
Closed with non-monetary relief	829	12%	721	10%
In progress	58	1%	215	3%
Closed	96	1%	29	0%
Untimely response	1	0%	2	0%
Grand Total	6,778	100%	7,020	100%

Complaints by State

- Below is a breakdown by state as to where the Credit Card complaints filed online are coming from.
- Zip codes are provided by the consumer when filing their complaint online.
- Note: N/A = no zip code was provided or zip code doesn't exist
- AE, AP, GU, MP, VI are either a military base or US Embassy in other countries.
 - CA, NY, and FL continue to be the top 3 States with most credit card complaints.

2013 - Q1 & Q2					
State	# of Complaints	State	# of Complaints	State	# of Complaints
CA	931	TN	98	MS	27
NY	658	NV	77	HI	26
FL	547	MO	77	NM	21
TX	404	SC	73	PR	20
NJ	291	AL	68	WV	19
VA	260	OR	65	RI	18
PA	257	IN	60	SD	14
IL	231	DE	53	AK	13
OH	228	LA	51	MT	11
MD	202	DC	44	WY	10
GA	194	OK	44	VT	10
NC	193	KY	43	ND	7
MA	168	IA	42	VI	4
AZ	159	UT	39	GU	2
MI	151	KS	37	AP	2
WA	142	NH	36	AA	1
CO	129	ME	35	AE	1
WI	127	AR	34	MP	1
CT	101	NE	32	#N/A	64
MN	98	ID	28	Total	6,778

2014 - Q1 & Q2					
State	# of Complaints	State	# of Complaints	State	# of Complaints
CA	989	MN	86	NM	32
FL	654	MO	85	AR	28
NY	603	TN	83	NE	27
TX	432	IN	79	MS	24
NJ	399	SC	65	WV	18
IL	261	LA	50	SD	17
PA	260	KY	48	MT	15
VA	247	AL	47	ID	15
OH	233	KS	44	AK	9
NC	204	UT	43	VT	7
MD	196	DC	40	AP	4
GA	188	NV	40	WY	3
MA	186	HI	39	ND	3
WA	146	DE	38	VI	3
MI	140	OK	37	GU	1
AZ	136	NH	36	MP	1
CO	129	ME	35	#N/A	108
WI	113	RI	34	Total	7,020
OR	102	PR	32		
CT	94	IA	32		

Total Complaints by Product

- Total complaints have increased by 68%, comparing the Q1 & Q2 of 2013 and 2014.
- Mortgage Ranked 1st in both years.
- Credit Card complaints have dropped from 2nd position 2013 to 5th position in 2014.
 - However, the number of credit card complaints for these 2 periods have increased by 4%. (6,778 vs. 7,020)

2013 - Q1 & Q2			2014 - Q1 & Q2		
ProductName	# of Complaints	%	ProductName	# of Complaints	%
Mortgage	26,357	59%	Mortgage	22,108	29%
Credit card	6,778	15%	Debt collection	19,794	26%
Bank account or service	6,553	15%	Credit reporting	14,150	19%
Credit reporting	2,311	5%	Bank account or service	7,264	10%
Consumer loan	1,409	3%	Credit card	7,020	9%
Student loan	1,346	3%	Student loan	2,173	3%
Money transfers	85	0%	Consumer loan	2,050	3%
Debt Collection	0	0%	Money transfers	607	1%
Total	44,839	100%	Total	75,166	100%

For More Information

- cbsi provides Quality Assurance services that include comprehensive reporting, compliance and risk assessment, and review of current client standards and regulations.
- To learn more about cbsi Quality Assurance Services, contact us at info@cbsiservices.com.
- All information presented in this report made publically available at the CFPB website: <http://www.consumerfinance.gov/>