



NEW YORK STATE
DEPARTMENT *of*
FINANCIAL SERVICES

Andrew M. Cuomo
Governor

Maria T. Vullo
Superintendent

June 4, 2018

VIA EMAIL AND U.S. MAIL

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 Sir or Madam:

I write as Superintendent of the New York State Department of Financial Services (NYDFS) in response to the Consumer Financial Protection Bureau (Bureau)'s Request for Information regarding public reporting practices of consumer complaint information. I appreciate the opportunity to offer NYDFS's thoughts on the importance of the Bureau's practices in this area and the need to keep the Bureau's consumer complaint information public.

The NYDFS supervises approximately 3,800 institutions with assets of approximately \$7 trillion, including state-chartered, domestic, and foreign banks operating in New York; U.S. and foreign insurance companies operating in New York; and licensed lenders, money transmitters, and other non-bank financial companies, some of which are also supervised by the Bureau. NYDFS has worked with the Bureau since its creation on many matters and has strongly supported the Bureau in its important work in protecting financial markets and consumers.

I write to encourage the Bureau to maintain its practice of collecting and publicly reporting consumer complaint information, consistent with its primary statutory function of collecting, investigating, and responding to consumer complaints.¹ Congress recognized that consumer complaints play a vital role in enforcing federal consumer financial laws, not only by making them part of the Bureau's primary functions but also by requiring the Director to establish a unit dedicated to facilitating the centralized collection and monitoring of, and response to, consumer complaints regarding consumer financial products or services.² Given the Bureau's national

¹ 12 U.S.C. § 5511(c)(2).

² 12 U.S.C. § 5493(b)(3)(A).

scope, complaints reveal the breadth of the problems Americans face with financial products and services. Since its inception, the Bureau has handled approximately 1,404,300 consumer complaints.³ The data indicates that, ten years after the financial crisis, consumers continue to have issues with financial products and services that they need the Bureau's assistance with: in 2017 alone, the Bureau received approximately 320,200 complaints.⁴

The importance of consumer complaints to carrying out the Bureau's mission is further evidenced in the various public reporting requirements that Congress included in the Consumer Financial Protection Act. The Act requires that the Bureau make an annual report to Congress about the complaints received by the Bureau in the prior year regarding consumer financial products and services, and this report must include information and analysis about complaint numbers, complaint types and, where applicable, information about resolution of complaints.⁵ Another section of the Act requires that the Bureau submit semi-annual reports to the President and certain Congressional committees on various topics, notably including "an analysis of complaints about consumer financial products or services that the Bureau has received and collected in its central database on complaints during the preceding year."⁶ Together, these provisions show that Congress viewed consumer complaints and the information they provide as integral to the Bureau accomplishing its mission, as well as a means for Congress to receive timely information about the Bureau's work and the issues facing consumers.

In establishing the Bureau as the federal agency responsible for consumer protection nationally, Congress knew that collecting complaints was only part of the solution to consumers' problems: complaints needed to be shared more broadly to support accountability for the subjects of the complaints and to carry out the Bureau's obligations to consumers. Recognizing the significant role that consumer complaints play for both individual complainants and providers of financial products and services, the Bureau built on that role by developing a public consumer complaint database, initially collecting only credit card complaints and then, through rulemaking, expanding to include additional consumer financial products and services.

With the Bureau's public complaint database, transparency has given consumers a much-needed national tool for gathering information about companies, products, and services that is not otherwise readily available. By making complaints public, the Bureau has encouraged companies to operate fairly and within the law, behavior that should be encouraged, not discouraged. Consumers can learn more about providers of financial products and services, or the products and services themselves, so that they may make informed financial decisions.

³ *Consumer Response Annual Report: January 1–December 31, 2017*, CFPB 8 (Mar. 2018), https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/cfpb_consumer-response-annual-report_2017.pdf.

⁴ *Id.* at 7.

⁵ 12 U.S.C. § 5493(b)(3)(C).

⁶ 12 U.S.C. § 5496(b), (c)(4).

Indeed, the Bureau's website acknowledges this crucial role that the public complaint database plays:

How one complaint can help millions. By submitting a complaint, consumers can be heard by financial companies, get help with their own issues, and help others avoid similar ones. Every complaint provides insight into problems that people are experiencing, helping us identify inappropriate practices and allowing us to stop them before they become major issues. The Result: better outcomes for consumers, and a better financial market place for everyone.⁷

The Bureau's public complaint database also enables companies to conduct due diligence on potential partners to protect both their consumers and their businesses from bad actors.⁸

The Bureau is in a unique position to be able to gather complaint information submitted by consumers nationwide, and to make that information available to consumers, businesses, and other regulators. If the Bureau ended public access to the complaint database, it would end an important avenue of feedback. Many of the incentives for companies to timely respond to consumers, engage in a resolution process, and treat consumers fairly when there is a dispute would be diminished or lost. Additionally, consumers looking to learn more about financial products and services or particular companies would lose an important source of information and insights from fellow consumers.

The Bureau should continue or resume other public reporting practices of consumer complaint information as well. The Bureau's special reports and monthly complaint reports reveal trends and problems not otherwise easily captured or aired. The topics highlighted by the monthly complaint reports—such as servicemember complaints⁹ or complaints from older Americans¹⁰—are often those not routinely covered by the Bureau's other reporting requirements. The NYDFS, for instance, has taken steps to combat elder financial abuse for years;¹¹ the Bureau's special report highlighting complaints from older Americans helps the NYDFS by providing additional information about possible products and services of concern, or developments in the

⁷ *Consumer Complaint Database*, CFPB (last visited May 31, 2018), <https://www.consumerfinance.gov/data-research/consumer-complaints/>.

⁸ See, e.g., Anonymous Anonymous, Comment, CFPB-2018-0006-0015 (Apr. 2, 2018), <https://www.regulations.gov/document?D=CFPB-2018-0006-0015> (“Working for a business that is overseen by the CFPB, we check all our third party vendors against the CFPB’s consumer complaint list. We look to see if they are on the list, how many complaints, what the complaints were regarding, and if closed.”).

⁹ *Consumer Financial Protection Bureau: Monthly Complaint Report*, Vol. 26, CFPB (Oct. 2017), https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/cfpb_monthly-complaint-report_50-state-snapshot-servicemembers_102017.pdf.

¹⁰ *Consumer Financial Protection Bureau: Monthly Complaint Report*, Vol. 23, CFPB (May 2017), https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201705_cfpb_Monthly_Complaint_Report.pdf.

¹¹ See *Senior Citizens Resources Center*, N.Y.S. DEP’T OF FIN. SERVS., https://www.dfs.ny.gov/consumer/seniors/sen_wel.htm.

field. The Bureau has not issued a monthly complaint report since October 2017, a loss felt by all interested in the extremely useful information and analysis such reports provided.

I urge the Bureau to maintain its practices with respect to consumer complaints, including its public complaint database, and to resume those practices, like the publication of monthly and special complaint reports, that it has recently stopped. Consumer complaints enable the Bureau to hear directly from the public and fulfill its mission of fostering a fair, transparent, and dynamic market for consumer financial products and services. The Bureau has played a leading and national role in the collection, investigation, and response to consumer complaints, which it should continue.

Sincerely,



Maria T. Vullo
Superintendent
New York State Department of Financial Services