



Consumer Financial
Protection Bureau

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CFPB Monthly Complaint Snapshot Examines Prepaid Complaints

Report Also Includes Look at Consumer Complaints from Texas and the Houston Metro Area

WASHINGTON, D.C. – Today, the Consumer Financial Protection Bureau (CFPB) released its latest monthly consumer complaint snapshot, highlighting consumer complaints about prepaid products. The report shows that consumer complaints about prepaid products spiked in recent months as an increased number of customers complained of being frozen out of their accounts.

This month's snapshot also highlights trends seen in complaints coming from Texas and the Houston metro area. As of Feb. 1, 2016, the Bureau has handled approximately 811,700 complaints across all products.

“Prepaid products provide a crucial financial lifeline to many unbanked and under-banked households,” said CFPB Director Richard Cordray. “It is important that consumers who rely on this important financial product can do so safely and efficiently, without undue hassles and runarounds.”

The Monthly Complaint Report can be found

at:http://files.consumerfinance.gov/f/201603_cfpb_monthly-complaint-report-vol-8.pdf

Product Spotlight: Prepaid Products

Prepaid products are one of the fastest growing types of consumer financial products in the country. In many cases, prepaid products present an alternative to consumers who may have trouble gaining access to a traditional checking account. These alternative consumer accounts, which can be loaded with funds by either a consumer or a third party, allow people to make payments, store funds, withdraw cash, receive direct deposits, and send funds to other consumers. In November 2014, the CFPB proposed rules to protect consumers using prepaid products. Final rules on prepaid products are expected to be published in 2016. A large number of the prepaid product complaints the Bureau has received in recent months are related to Empowerment Ventures, LLC., parent company of RushCard.

As of Feb. 1, 2016, the Bureau has handled approximately 4,300 prepaid product complaints. Some of the findings in the snapshot include:

- **Inability to access funds on card:** Consumers complained they were unable to access funds loaded on their prepaid cards for an extended period of time.
- **Prepaid cards re-issued without former balance:** Consumers complained that when their prepaid cards expired, the company that issued the initial card often refused to re-issue a card with the remaining balance before their original card expired.

- **Account access problems when disputing particular charges:** Customers who wanted to dispute an unexpected charge complained that after contacting the company about the issue, the entire balance on their card would be frozen while the claim was under review. The claim process could often take an extended period of time, during which the consumer would be unable to access important funds.
- **Fees when using prepaid cards:** Some consumers complained about a wide variety of charges, including: monthly, inactivity, transaction, balance inquiry, PIN change, and overdraft fees.

National Complaint Overview

As of Feb. 1, 2016, the CFPB has handled 811,700 complaints nationally. Some of the highlights from the statistics in this month's snapshot report include:

- **Complaint volume:** For January 2016, the three most-complained-about financial products were debt collection, mortgages, and credit reporting, representing two-thirds of complaints submitted. Overall, the CFPB saw an 8 percent increase in complaint volume between December 2015 and January 2016.
- **Product trends:** In a comparison of November 2015 through January 2016 versus the same time period 12 months before, complaints about other financial services such as debt settlement, check cashing, and money orders rose 77 percent. Between Nov. 1, 2015 and Jan. 31, 2016, the CFPB received 178 complaints about products considered "other financial services". Payday loan complaints showed the greatest decrease—12 percent—during the same time period.
- **State information:** In a year-to-year comparison Arizona saw the greatest increase in complaint volume—33 percent—during the same three-month time period.
- **Most-complained-about companies:** The three companies about which the CFPB received the most complaints between September and November of 2015

were Equifax, TransUnion, and Experian. Company-level information should be considered in the context of company size and activity in the relevant market.

Geographic Spotlight: Texas

The CFPB highlighted Texas and the Houston metro area for the report's monthly geographic spotlight. As of Feb. 1, 2016, consumers in Texas have submitted 63,200 of the 811,700 complaints the CFPB has handled. The Houston metro area has submitted 15,700 complaints. Findings from the Texas complaints include:

- **Debt collection is the most-complained-about product:** Consumers in both Texas and the Houston metro area most often submitted complaints about debt collection. While debt collection complaints comprise 26 percent of complaints submitted nationally, in Texas and the Houston metro, debt collection complaints made up 33 percent and 36 percent of complaints submitted to the Bureau.
- **Texas mortgage-related complaints are lower than national average:** While mortgage-related complaints make up 26 percent of total volume nationally, consumer complaints about mortgages made up only 16 percent of total complaints from Texas.
- **Most-complained-about companies:** Equifax, Experian, and TransUnion were the three most-complained-about companies from consumers in the Houston metro area.

The Dodd-Frank Wall Street Reform and Consumer Protection Act, which created the CFPB, established consumer complaint handling as an integral part of the CFPB's work. The CFPB began accepting complaints as soon as it opened its doors in July 2011. It currently accepts complaints on many consumer financial products, including credit cards, mortgages, bank accounts and services, private student loans, vehicle and other consumer loans, credit reporting, money transfers, debt collection, and payday loans.

The Bureau expects companies to respond to complaints and to describe the steps they have taken or plan to take to resolve the complaint within 15 days of receipt. The CFPB expects companies to close all but the most complicated complaints within 60 days.

In June 2012, the CFPB launched its Consumer Complaint Database, which is the nation's largest public collection of consumer financial complaints. When consumers submit a complaint they have the option to share publicly their explanation of what happened. For more individual-level complaint data and to read consumers' experiences, go to the Consumer Complaint Database at: www.consumerfinance.gov/complaintdatabase/.

To submit a complaint, consumers can:

- Go online at www.consumerfinance.gov/complaint/
- Call the toll-free phone number at 1-855-411-CFPB (2372) or TTY/TDD phone number at 1-855-729-CFPB (2372)
- Fax the CFPB at 1-855-237-2392
- Mail a letter to: Consumer Financial Protection Bureau, P.O. Box 4503, Iowa City, Iowa 52244
- Additionally, through "Ask CFPB," consumers can get clear, unbiased answers to their questions at [Ask CFPB](#).

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