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Prepared Remarks of CFPB Director Richard Cordray at the Consumer Response Field Hearing

BY [RICHARD CORDRAY](#)

It is indeed an extreme pleasure to be able to experience the true nature of summer here in El Paso in the middle of July. And it is also a pleasure to welcome you all to this field hearing hosted by the Consumer Financial Protection Bureau.

As we all know, the financial crisis did serious damage to individuals and communities all across this country. Its effects remain vivid in our collective experience, and the toll it took on our lives was substantial. Millions of people lost their jobs; millions lost their homes; and virtually everyone lost considerable household wealth, amounting to trillions of dollars. As a key part of its response to the crisis, Congress created the Bureau and vested it with the responsibility to stand on the side of consumers and make sure they are treated fairly in the financial marketplace.

Next week will mark our third anniversary. When we opened our doors, one of the first things we did was begin to accept consumer complaints. Hearing directly from consumers in their own words about their problems with financial products and services is fundamental to our mission. It gives us a true compass, in real time, about the issues and problems that individual consumers find themselves facing in their financial lives. Each complaint is a chance for us to evaluate a perceived problem and see if it can be resolved successfully. But more importantly, complaints make all the difference by informing our work and helping us identify and prioritize problems. We know that if we hear about the same problem from 50 consumers, it likely looms larger than if we hear about it only from one or two.

From the outset, we wanted to make sure we could handle a potential flood of complaints about things people saw as broken in the financial marketplace. Coming out of such a severe financial crisis, we did not know what the volume or intensity of complaints would be. One conscious choice we made – perhaps wisely, as it now seems in retrospect – was to build this tool very carefully, adding different products and markets at distinct stages.

At first, we started by accepting consumer complaints only about credit cards. This made sense to me because I can distinctly recall just how many concerns and frustrations I had heard from people about credit cards back when I was serving in state government in Ohio before and during the financial crisis. Since then, the Bureau has gradually but significantly expanded this tool to include mortgages, bank accounts and services, private student loans, vehicle and other consumer loans, credit reporting, money transfers, debt collection, and payday loans. And with every new category we have added, consumers have flocked to tell us all about how these products and services are affecting their financial lives.

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We have now handled more than 400,000 consumer complaints. At this heavy volume, it can all begin to feel like impersonal statistics. We have identified, categorized, analyzed, and synthesized what we have heard. We have quantified how many of these complaints involve mortgages or credit cards or debt collection. We have measured the time frames for responses. And we have specified how many involve different kinds of relief.

But these efforts to break down consumer complaints according to our own categories and metrics can only get us so far. For every single time we take a complaint, something else happens as well. Something special. Each time, we encounter someone who is frustrated or dissatisfied enough to muster the gumption to reach out and contact an agency of the government in order to seek help. They reach out to us as an expression of trust. And as we stop and listen, we can hear their still, small voices setting out the exact nature of their particular concerns. Each one of those voices tells us a story about what life is like for people as they struggle to manage the ways and means of their economic lives. Often they ask simply to be treated with fairness and dignity and respect. And we all know in our hearts that this is exactly what they deserve.

For example, one of these complaints came from William in Virginia, who was having problems with a credit card company. William has managed tours for musical bands for over 30 years. In 2009, his credit card company contacted him about an account with an overdue balance of \$8,500. The account was old, and William had not been using it, thinking it had already been closed. But it turned out that someone had been using it without his knowledge. On principle, William refused to pay the amount owed because it was not his debt.

Over the next five years, William estimates that he spoke to the credit card company and to debt collectors more than 150 times. He got nowhere. He hired an attorney, and even the attorney got stonewalled. William’s credit was badly damaged.

When William contacted the Consumer Bureau last summer and told us what happened, we got on the case and ultimately we were able to help him achieve a resolution. The credit card company finally responded by wiping out the debt and fixing his credit report.

Every story is just as unique as the people who tell them. But there is also much that is familiar. I am sure many of you can identify with William’s maddening frustration in dealing with the credit card company. So many consumers run into solid brick walls when they are trying to clear up the facts about past financial transactions – whether that happens to be with student loan companies, bank accounts, credit reporting agencies, or any other financial product or service.

Today, the Consumer Bureau is proposing a new policy to allow stories like William’s to be made public. Under the proposal, consumers would be given the opportunity to share their stories in the Bureau’s Consumer Complaint Database.

The [Consumer Complaint Database](#) is the nation’s largest public collection of consumer financial complaints. It currently has over a million data points. Looking through the searchable data, you can see the product complained about, what zip code it came from, the company complained about, and how the company responded. I think of the database as a mosaic. While every tile on the mosaic shows only one tiny piece of the picture, you can step back from it and see how the tiles fit together to form the whole picture. That is what the database offers – an aggregation of stories that gives a more complete picture of the consumer financial marketplace.

We are now proposing to make that mosaic even more vibrant and clear by including consumers’ own narrative of their experiences, as stated in their own words.

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When consumers decide to submit a complaint to the Consumer Bureau, they provide basic information about the complaint and about themselves. They are then asked to describe what happened. These narrative descriptions form the heart and soul of the complaint. They include all the details, the nuances, and the rest of the story that really explain the problem just as they understand it. William's story, for example, was not merely a credit card billing dispute. Instead, it was a saga that lasted five years, absorbed countless time and attention, bled into his credit profile, and left him in despair.

An important benefit of making the narratives public would be to provide important context that better explains the significance of the consumer's complaint. While the current database captures the basics of a complaint, the categorical descriptions are fairly limited. Right now, the database groups complaints into high-level categories such as "transaction issue" or "advertising and marketing." Hearing directly from the consumer about exactly what happened would say much more. The narrative supplies vital information about why the consumer believes they were harmed, and how the problem has affected the consumer's life.

Consider Deborah from Ohio. She contacted us to submit a complaint because her house burned down and she was having trouble with her mortgage servicer. She had followed the servicer's instructions to send in her entire insurance check. The servicer said it would refund her the remaining balance – about \$60,000 – after her mortgage was paid off. She was supposed to get her refund within 30 days.

For nearly four months, she waited for that check. In her own words: "It was a nightmare of telephone calls, being told that one thing would happen, but never did, being told different information and actions that would be taken . . . (being told) a manager was never available . . . the customer service representatives were either unwilling to help or just didn't know the answers, or would transfer me to another department."

Deborah was trying to buy another home. She needed that money to put a roof over her head. The anxiety and frustration that she felt because of her experience with a mortgage servicer is not something that can be conveyed in a few broad data fields on a spreadsheet. Deborah's story had twists and turns, fear, anxiety, and real consequences. After contacting the Consumer Bureau, though, Deborah promptly got her money back from the mortgage servicer. The company explained that a paper check had been inadvertently shredded. The servicer apologized for all the frustration and inconvenience and finally made things right. The whole story was much more illustrative of her saga than simply including the matter among a few listed categories.

A second reason to publishing the narratives would be to enrich the information available in the database so that consumers, consumer groups, and companies are better able to spot trends and problems. Reviewers would be able to see patterns of abuse and identify issues that may not have been uncovered before.

A third benefit of the narratives would be to help consumers and consumer groups peruse the database to make informed decisions. Consumers often go online to do their homework before deciding what to buy, and including the details of a complaint would help inform them as they are considering a particular product or service. Databases with narratives – such as the Consumer Product Safety Commission's SaferProducts.gov or the National Highway Traffic Safety Administration's SaferCar.gov – have helped inform consumers about a range of products from cribs to cars. The Consumer Bureau aims to empower Americans with the same kind of information. Reviewers could use the narrative to decide for themselves if the problems experienced by other consumers would stop them from purchasing the same product or service.

With these powerful stories made available to the public, companies would have more

incentive to address potential shortcomings in their businesses that are harming consumers. The narratives should encourage companies to improve the overall quality of their products and compete more vigorously over good customer service. And because the database is updated daily, exposing problems early can help other consumers avoid similar problems before they become victims too. The market could react to problems as they occur, not years later. This could help spur competition based on consumer satisfaction, which has the potential to improve the functioning, transparency, and efficiency of the financial marketplace.

Consumers who share their experiences also share their real impact. A financial transaction gone wrong leads to great anxiety for people, and it can have reverberating effects on their lives, like William's credit score problem or Deborah's mortgage servicing woes. There is no substitute for hearing and understanding these stories in people's own words, spoken in their own voices. As Maya Angelou once said, "There is no greater agony than bearing an untold story inside you." For many consumers, it is worth a great deal just to share their story and know it has been heard.

Take Alex, for example. Alex is a veteran from your own state of Texas. He is a consultant and was in between projects when he took out a payday loan. It was the first time he had done so and he intended to use the loan only to bridge a short gap in his finances.

When Alex's balance came due, the lender went into his bank account and withdrew about \$240 more than it should have. Over the course of three weeks, he contacted the lender four times to call attention to the error. Each time, he was told to take the seemingly unnecessary step of submitting a personal financial statement and a bank statement proving the wrongdoing; and each time, Alex declined to submit his personal financial information, pointing out that the lender should have its own records. In frustration, he finally contacted us and submitted a complaint. Alex's payday lender then realized its mistake, restored his bank account, and apologized.

I share these stories because they are indispensable in connecting us to real people. The actual stories are the heart and soul of the complaint. They convey the kind of frustration and distress that people truly feel as they struggle with difficult financial issues. They encourage others to submit their own complaints and tell their own stories. And they have important consequences by informing advocates in their efforts to see that the laws are changed and enforced and by pressing the companies themselves to fix the problems and create a better market.

Our proposal today is to allow people like William, Deborah, and Alex to decide for themselves whether they want to share their stories publicly. The Bureau would not publish the complaint narrative unless the consumer provides informed consent. When consumers submit a complaint through our website, ConsumerFinance.gov, they would be given the opportunity affirmatively to check a consent box.

Our proposal is to redact phone numbers, addresses, and account numbers – information that could trace back to the person who lodged the complaint. We intend to take pains to minimize the chance that a complaint could be tied to a particular consumer by anyone other than the company in question, which would already have received the full text of the narrative via a secure web portal. We believe consumers should be allowed to share the stories behind their complaints if they wish to do so, but we also believe in protecting consumer privacy.

If consumers decide at any time that they would like to withdraw consent to publish their narratives, they would have that ability. The Bureau would honor this request as

soon as possible and no later than three business days after it is made by removing the complaint from the Bureau’s public database. Of course, as with the complaint database itself, we verify that a commercial relationship exists between the consumer and the company – that the consumer does in fact have an account or does in fact do business with that company.

We also believe strongly in something that Texas-native Walter Cronkite once said: “In seeking truth you have to get both sides of a story.” Under our proposal, companies would be able to publish their own replies to the consumer narratives. Complaints are not entered into the public database until after the company responds or has had the complaint for 15 calendar days without responding. So where the person has opted to have the complaint narrative published, both the narrative and any response that the company decides to submit would be listed simultaneously.

Today, by proposing to share people’s stories, we are giving consumers an opportunity to be heard by the entire world and not simply by a government agency and its officials.

Today’s proposal comes as we are about to celebrate the Consumer Bureau’s third anniversary. Congress gave us the mission to stand on the side of consumers in the financial marketplace, and we are working to do this in a measured and thoughtful way. But we also have the responsibility to help consumers stand up and speak out for themselves. We have many tools at hand to ensure fairness and dignity for consumers, but we also can offer people a megaphone to empower them to tell their own stories in their own words. There is power in their stories, and that power can be put in service to build and strengthen a lasting foundation for consumers, responsible providers, and our economy as a whole. Thank you.

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The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. For more information, visit consumerfinance.gov.



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