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July 6, 2015

Mr. Ashwin Vasan  
Chief Information Officer  
Consumer Financial Protection Bureau  
1700 G Street NW  
Washington, DC 20552

**Re: Consumer Complaint Intake System Company Portal Boarding Form Information Collection System; CFPB-2015-0016-0001; OMB-3170-0010.**

Dear Mr. Vasan:

The [Pew Charitable Trusts' consumer banking project](#) studies the transaction accounts that Americans rely on to manage their finances and develops research-based policy recommendations that promote safe and transparent products. We have published a series of reports examining checking and prepaid accounts with a focus on overdraft policies and practices. In addition, Pew has commenced research into how mobile banking and payments may affect the ability of unbanked and underbanked Americans to manage their money. The Consumer Financial Protection Bureau's (CFPB) complaint database is an important tool in helping the CFPB to fulfill its supervision, enforcement, public education, and rule-writing mandates under the law; and in helping researchers, the public, and policymakers to understand what business practices may have a detrimental impact on consumers. We appreciate the opportunity to comment on this system.

A lengthy catalog of research has shown that overdraft policies and fees are a serious problem that cost Americans billions of dollars and force many out of the banking system.<sup>1</sup> However, Pew's initial analysis has found that the CFPB's portal is likely underreporting the complaints that consumers are filing about overdraft problems due to the manner in which the system categorizes and prompts information about checking account complaints. We offer several recommendations below to develop a more accurate reporting system by prompting potential overdraft complaints upfront and allowing consumers to explain their dispute as part of more than one category of potential checking account complaints.

**The CFPB Should Present "Overdraft" as a Distinct Complaint Issue Field.**

We suggest that the CFPB adjust the complaint intake form to allow for a better accounting of the number of complaints that are related to overdrafts, given the considerable impact overdraft fees have on checking account holders. Numerous studies, including by the CFPB

itself, have shown that overdraft policies at financial institutions are a significant problem that cost consumers billions of dollars every year.<sup>2</sup>

The way the portal is currently constructed on this issue could be confusing to consumers who are filling out the form. The portal also does not allow for an accurate accounting of complaints related to overdraft. In fact, Pew abandoned its efforts to use the dataset to determine the frequency of overdraft complaints out of concern that the fields would not yield accurate results. By adjusting the fields to ensure that complaints related to overdraft fees fall into one category, the CFPB and outside researchers will be able to gain a better understanding into the number of incidences of overdraft-related complaints.

To achieve this goal, once a consumer chooses “Checking account” under the required prompt “This is about a(n),” the first option should be changed to “Problems caused by overdraft or my funds being low.” By placing this choice first and including the term “overdraft” in the bolded title instead of the subheading, it is more likely that a consumer who has had a problem with overdraft will correctly choose this option. Overdraft should be listed first, since studies have shown that problems with this function are confusing and lead many people to leave the banking system.<sup>3</sup> In addition, a CFPB study shows that almost 30 percent of consumers in a 2011 study experienced non-sufficient funds or overdraft activity on their checking accounts.<sup>4</sup>

### **The CFPB Should Revise the Categories that Describe Consumer Complaints and Allow Consumers to Select More than One Description.**

The CFPB’s recent decision to allow consumers to write narratives about their complaints provides consumers the ability to offer a more complete explanation of the financial problems they experience. However, in the case of overdraft problems, the CFPB’s reports on the complaint database are likely providing incomplete or misleading information due to the categorization of complaints about bank account services into only one of five very broad categories:

- Account opening, closing, or management  
*Confusing marketing, denial, disclosure, fees, closure, account access, interest, statements, joint accounts*
- Deposits and withdrawals  
*Availability of deposits, withdrawal problems and penalties, unauthorized transactions, check cashing, payroll deposit problems, lost or missing funds, transaction holds*
- Using a debit or ATM card  
*Disputed transaction, unauthorized card use, ATM or debit card fees, ATM problems*
- Making or receiving payments  
*Problems with payments by check, card, phone or online, unauthorized or fraudulent transactions*
- Problems caused by my funds being low

### *Overdraft fees, late fees, bounced checks*

An issue related to overdraft fees could fit into several categories in addition to the most obvious one, “Problems caused by my funds being low,” where “overdraft fees” is specifically cited.

Pew’s analysis of the consumer complaint narratives indicates that the above categories may not accurately represent the issues consumers are reporting since consumers are describing problems that are complex and span multiple issues. For example, one consumer reported:

*“I have incurred reoccurring charges on my account for overdraft fees, extended late fees for over thirty-days. The bank claims to have sent letters, which we do not have record of receiving. No phone calls were made to me, nor emails. If finding this out today, they advise me the account will be charged off in 8 days, and they refuse to put a no debt hold on the account.” Complaint ID 1417332*

Consumers are reporting on common themes, such as problems with overdraft fees. Yet, they are selecting different response options to best describe their issue. For example, while the consumer identified, “Account opening, closing, or management” as the best description of the issue above, another consumer identified, “Problems caused by my funds being low” as the best description of the following problem:

*“Charged {\$320.00} in overdraft fees because my account was showing I had more money than what was available and the bank said it’s because some items were pending and the charges occur often the items go through regardless of the order of the purchases.” Complaint ID 1401815*

In another example, the database identified the following complaint narrative as an issue with “Deposits and withdrawals”:

*“I deposited a check into my account on XXXX/XXXX/15, and the bank charged me {\$140.00} in overdraft fees for activity that occurred that day. The bank’s ledger has it stated that they processed the check prior to sending out any payments, yet they charged me {\$140.00} in overdraft. I contacted the bank and they are refusing to refund my money and to stand behind their own ledger, stating that they did not process the check before they sent the payments.” Complaint ID 1332587*

Currently, the database has a very small number of narratives, which only allows for an anecdotal look at how consumers are completing the form. However, a brief examination shows that many consumers classify problems related to overdraft in a category other than “Problems caused by my funds being low.” Reports based on these classifications will underemphasize the importance of overdraft policies as a major issue for consumers, in contrast to findings from two CFPB reports on the subject.

In its Consumer Response Annual Report for 2014, the CFPB reported on the types of bank account and service complaints reported by consumers.<sup>5</sup> According to the CFPB, 47 percent of complaints were related to opening, closing, or managing the account. Only 10 percent of complaints were related to problems with low funds, such as overdraft fees. However, as the examples above indicate, problems with overdraft fees may be more prevalent than currently reported because consumers are required to select one description that best describes their issue. Additionally, the existing descriptions may be an oversimplification of the actual issues consumers are facing.

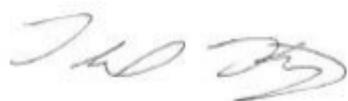
We recommend that the CFPB examine the broad descriptions currently presented to consumers, replace these descriptions with a longer list of more specific key terms, and offer consumers the option to select more than one category to characterize their problem. Asking consumers to select “all that apply” from a list of key terms would allow for more flexibility in categorizing consumer complaint narratives and expands the utility of the database to provide more granular information on the issues at hand.

**Adopting Either or Both of These Adjustments Can Provide a Better View of Overdraft Problems.**

We acknowledge that allowing consumers to select more than one description or key term to characterize their issues may result in changes to reporting and, in particular, how individual consumer complaints are summarized. At present, the CFPB provides the percentage of consumers out of one hundred who report on various issues. Because consumers currently select the single, best description that describes their issue; aggregating across multiple responses is a simple, straightforward task. In order to ensure reporting on these data remains beneficial to the public and, at the same time, accurately highlights the specific key issues evident among various financial products, we also suggest reporting the frequency with which key terms, such as “Overdraft,” are used to demonstrate the relative distribution of consumer complaints.

We thank the CFPB for this opportunity to comment on the Consumer Complaint Intake System Company Portal Boarding Form Information Collection System. We look forward to the improved system and continuing to share our work with the CFPB. As always, we are available to discuss these comments or any other aspect of our work at any time.

Sincerely,



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- <sup>1</sup> The Pew Charitable Trusts, “Overdrawn: Persistent Confusion and Concern About Bank Overdraft Practices” (June 2014), [http://www.pewtrusts.org/~media/Assets/2014/06/26/Safe\\_Checking\\_Overdraft\\_Survey\\_Report.pdf](http://www.pewtrusts.org/~media/Assets/2014/06/26/Safe_Checking_Overdraft_Survey_Report.pdf); The Pew Charitable Trusts. “Overdraft America: Confusion and Concerns about Bank Practices” (May 2012), [http://www.pewtrusts.org/~media/legacy/uploadedfiles/pes\\_assets/2012/SCIBOverdraft20America1pdf.pdf](http://www.pewtrusts.org/~media/legacy/uploadedfiles/pes_assets/2012/SCIBOverdraft20America1pdf.pdf); The Pew Charitable Trusts, “Slipping Behind: Low-Income Los Angeles Households Drift Further from the Financial Mainstream” (October 2011); [http://www.pewtrusts.org/~media/legacy/uploadedfiles/wwwpewtrustsorg/reports/safe\\_banking\\_opportunities\\_project/Slipping20Behindpdf.pdf](http://www.pewtrusts.org/~media/legacy/uploadedfiles/wwwpewtrustsorg/reports/safe_banking_opportunities_project/Slipping20Behindpdf.pdf); The Pew Charitable Trusts. “Overdraft America: Confusion and Concerns about Bank Practices” (May 2012), [http://www.pewtrusts.org/~media/legacy/uploadedfiles/pes\\_assets/2012/SCIBOverdraft20America1pdf.pdf](http://www.pewtrusts.org/~media/legacy/uploadedfiles/pes_assets/2012/SCIBOverdraft20America1pdf.pdf); The Center for Responsible Lending, “The State of Lending in America and Its Impact on U.S. Households, High Cost Overdraft Practices,” (July 2013), <http://www.responsiblelending.org/state-of-lending/reports/8-Overdrafts.pdf>; Consumer Financial Protection Bureau, “Data Point: Checking Account Overdraft,” (July 2014) [http://files.consumerfinance.gov/f/201407\\_cfpb\\_report\\_data-point\\_overdrafts.pdf](http://files.consumerfinance.gov/f/201407_cfpb_report_data-point_overdrafts.pdf); Consumer Financial Protection Bureau, “Study of Overdraft Programs” (June 2013), [http://files.consumerfinance.gov/f/201306\\_cfpb\\_whitepaper\\_overdraft-practices.pdf](http://files.consumerfinance.gov/f/201306_cfpb_whitepaper_overdraft-practices.pdf)
- <sup>2</sup> Consumer Financial Protection Bureau, “Study of Overdraft Programs,” (June 2013), 14-17, [http://files.consumerfinance.gov/f/201306\\_cfpb\\_whitepaper\\_overdraft-practices.pdf](http://files.consumerfinance.gov/f/201306_cfpb_whitepaper_overdraft-practices.pdf).
- <sup>3</sup> E.g. The Pew Charitable Trusts, “Overdrawn: Persistent Confusion and Concern About Bank Overdraft Practices” (June 2014), [http://www.pewtrusts.org/~media/Assets/2014/06/26/Safe\\_Checking\\_Overdraft\\_Survey\\_Report.pdf](http://www.pewtrusts.org/~media/Assets/2014/06/26/Safe_Checking_Overdraft_Survey_Report.pdf).
- <sup>4</sup> Consumer Financial Protection Bureau, “Study of Overdraft Programs,” (June 2013), 21, [http://files.consumerfinance.gov/f/201306\\_cfpb\\_whitepaper\\_overdraft-practices.pdf](http://files.consumerfinance.gov/f/201306_cfpb_whitepaper_overdraft-practices.pdf) (noting that 27.7 percent of consumer accounts experienced NSF or overdraft activity in a 2011 study).
- <sup>5</sup> Consumer Financial Protection Bureau, “Consumer Response Annual Report,” (March 2015), 24-25, [http://files.consumerfinance.gov/f/201503\\_cfpb\\_consumer-response-annual-report-2014.pdf](http://files.consumerfinance.gov/f/201503_cfpb_consumer-response-annual-report-2014.pdf).