



FALL 2020

Consumer Complaints Report

For the Financial Services Industry

An analysis of consumer complaints submitted to regulatory agencies and the risk signals that they present to financial institutions.

A NOTE FROM PERFORMLINE'S CEO

Every fall since 2015, we release our Complaint Risk Signal report that dives deep into consumer complaint data from the Consumer Financial Protection Bureau to uncover valuable observations and insights that help financial institutions identify and mitigate potential risk.

This year, we're ramping up our report to include data not only from the CFPB's database, but from the Federal Trade Commission's Sentinel Network, and proprietary data pulled from the PerformLine Platform. By analyzing the data from these different sources, we're able to provide a more comprehensive picture of the challenges that consumers are facing in the financial services marketplace today.

This year's report touches on a wide variety of topics, including the impact of COVID-19 on consumers and financial institutions.

At PerformLine, our mission has always been to empower compliance leaders with the technology, tools, and knowledge they need to ensure their organization and partners provide transparent and accurate information to consumers across any channel.

This report continues to serve as a valuable tool by highlighting important trends and insights around consumer complaints so that companies like yours can be proactive in your compliance programs and get out ahead of risk.

I'm excited to share the 2020 Consumer Complaints Report with you and hope that you find it valuable and impactful.



Alex Baydin
CEO and Founder
PerformLine

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SECTION 1:

OVERVIEW OF FTC AND CFPB DATABASES AND HOW THEY USE COMPLAINTS

FEDERAL TRADE COMMISSION (FTC)

Each year, millions of consumer complaints are collected by the FTC in their Consumer Sentinel Database from a number of contributing entities, including the Consumer Financial Protection Bureau (CFPB). Complaint topics vary from fraud and identity theft, scams created intentionally to deceive consumers, and any unfair or deceptive practices by financial institutions.

The FTC collects data from a large list of other federal, state, local, and international law enforcement agencies, as well as other organizations, like the Better Business Bureau and Publishers Clearing House—providing a big picture of the issues that consumers are facing.

Previously, the database was only available to law enforcement agencies, but in 2018, the FTC started making consumer complaint information accessible to the public.

The FTC, specifically their Bureau of Consumer Protection, collects consumer complaints to conduct investigations, sue companies and individuals who break the law, develop rules to maintain a fair marketplace, and educate consumers and businesses about their rights and responsibilities.

Total Complaints

For the purpose of this report, we're going to focus on FTC complaints and issues surrounding the financial services industry. This section includes Credit Bureaus, Banks and Lenders, Debt Collection, and their subcategories. The FTC's database currently includes data through Q3 2020.

There are
over 2.1 MILLION
financial services-
related complaints
in the FTC's Sentinel
Network as of Q3 2020

FTC Sentinel Network Data Contributors

- | | | |
|--|---|---|
| AARP Fraud Watch Network | Montana Department of Justice | Western Union Company |
| Alaska Attorney General | National Consumers League | Wisconsin Department of Agriculture, Trade and Consumer Protection |
| Canada Competition Bureau | Nebraska Attorney General | Xerox Corporation |
| Colorado Attorney General | Nevada Attorney General | Cybercrime Support Network |
| Connecticut Department of Consumer Protection | Nevada Department of Business and Industry | Iowa, Clinton County Sheriff's Office |
| Consumer Financial Protection Bureau | New York State Attorney General | Ohio, Cuyahoga County Department of Consumer Affairs |
| Florida Department of Agriculture and Consumer Services | North Carolina Department of Justice | PeopleClaim |
| Hawaii Office of Consumer Protection | Ohio Attorney General | Petscams.com |
| Idaho Attorney General | Oregon Department of Justice | Scam Detector |
| Indiana Attorney General | Pennsylvania Attorney General | U.S. Citizenship and Immigration Services |
| International Association of Better Business Bureaus | PrivacyStar | U.S. Customs and Border Protection |
| Iowa Attorney General | Publishers Clearing House | U.S. Department of Health and Human Services, Office of Inspector General |
| Los Angeles County Department of Consumer and Business Affairs | South Carolina Department of Consumer Affairs | U.S. Department of Justice, Executive Office for Immigration Review |
| Louisiana Attorney General | Tennessee Division of Consumer Affairs | U.S. Department of Justice, Task Force on Market Integrity and Consumer Fraud |
| Maine Attorney General | U.S. Department of Defense | U.S. Department of the Treasury, Internal Revenue Service |
| Massachusetts Attorney General | U.S. Department of Education | U.S. Senate Special Committee on Aging |
| Michigan Attorney General | U.S. Department of Justice, Disaster Fraud Task Force | |
| Microsoft Corporation Cyber Crime Center | U.S. Department of Veterans Affairs | |
| Mississippi Attorney General | U.S. Postal Inspection Service | |
| MoneyGram International | Utilities United Against Scams | |
| | Washington State Attorney General | |

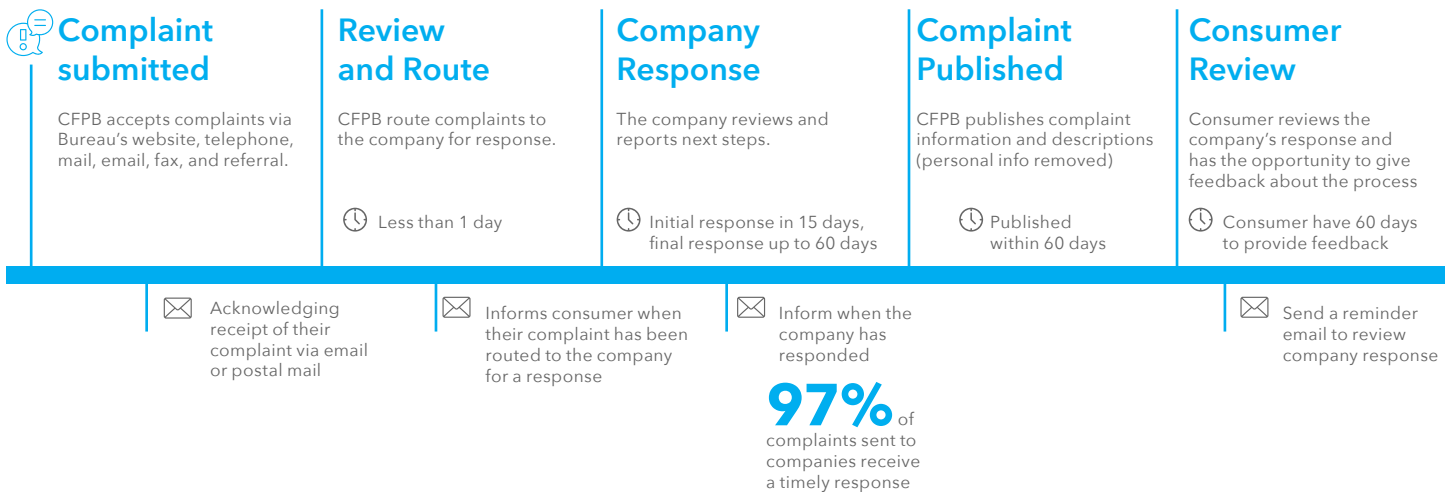
CONSUMER FINANCIAL PROTECTION BUREAU (CFPB)

The CFPB's Consumer Complaint Database is a collection of complaints about consumer financial products and services that the Bureau sent to companies for response. Complaints are published after the company responds, confirming a commercial relationship with the consumer, or after 15 days, whichever comes first.

The CFPB regulates the offering and provision of consumer financial products or services under the federal consumer financial laws, and analyzes complaint data through various lenses to understand the situations consumers encounter collectively in the financial marketplace.

If the Bureau begins to see a pattern of non-responsiveness from a company, a company not providing the relief consumers are entitled to, or a company that appears to be using unfair and deceptive practices, the CFPB would launch an investigation into those situations. Companies with poor responses—both in quality and in quantity—as well as companies whose practices were found to be disingenuous or misleading, risk being fined or facing an exam-focused enforcement action on that specific issue.

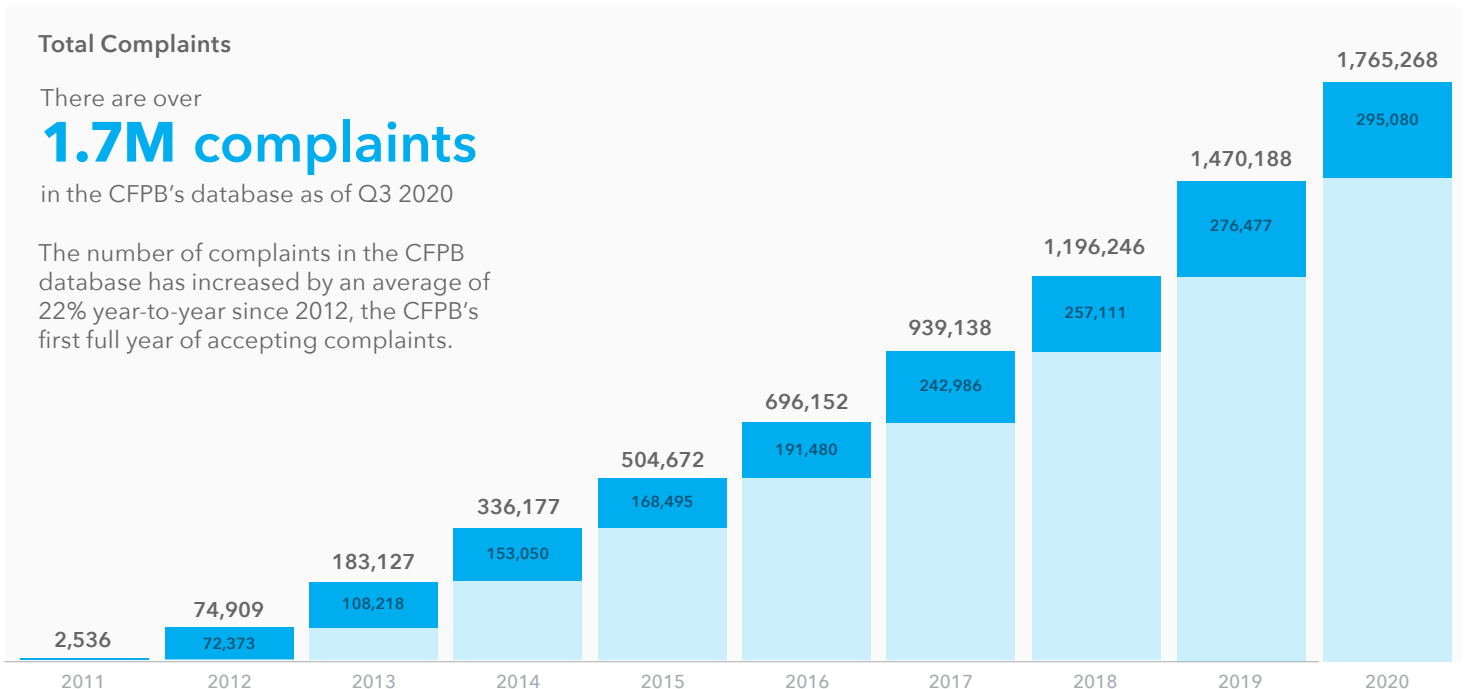
The CFPB Consumer Complaint Process Source: consumerfinance.gov



Total Complaints

There are over **1.7M complaints** in the CFPB's database as of Q3 2020

The number of complaints in the CFPB database has increased by an average of 22% year-to-year since 2012, the CFPB's first full year of accepting complaints.

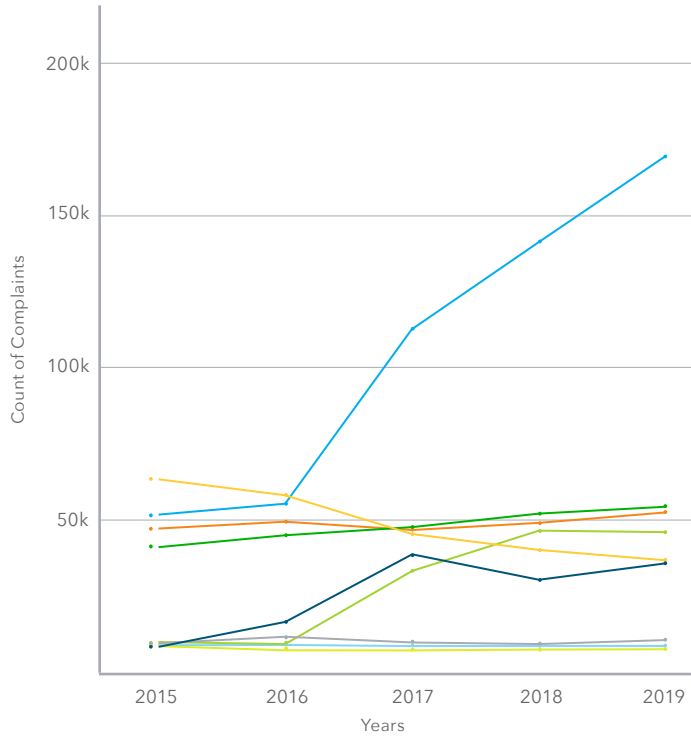


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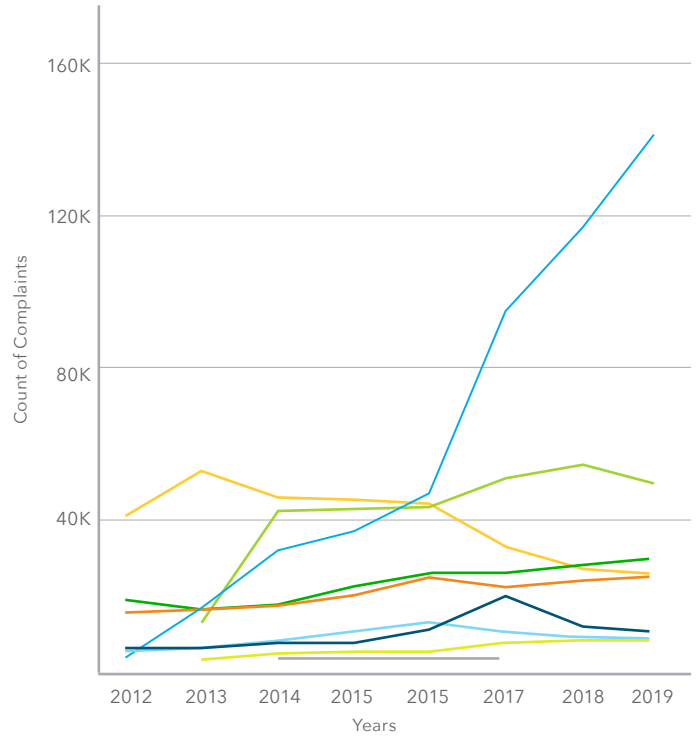
COMPLAINT TRENDS BY YEAR, CATEGORY, AND LOCATION

Annual Complaint Trends

FTC Annual Complaint Trends



CFPB Annual Complaint Trends



- Bank Account or Service
- Consumer Loans (Auto + Other)
- Credit Cards
- Credit Reporting
- Debt Collection/Management
- Mortgage
- Other
- Payday Loans
- Student Loans

KEY OBSERVATIONS:



Credit reporting and debt collection complaints continue to rise year-over-year



Credit card and bank account and services complaints have increased 7.9% and 3.4% year-over-year since 2015, respectively

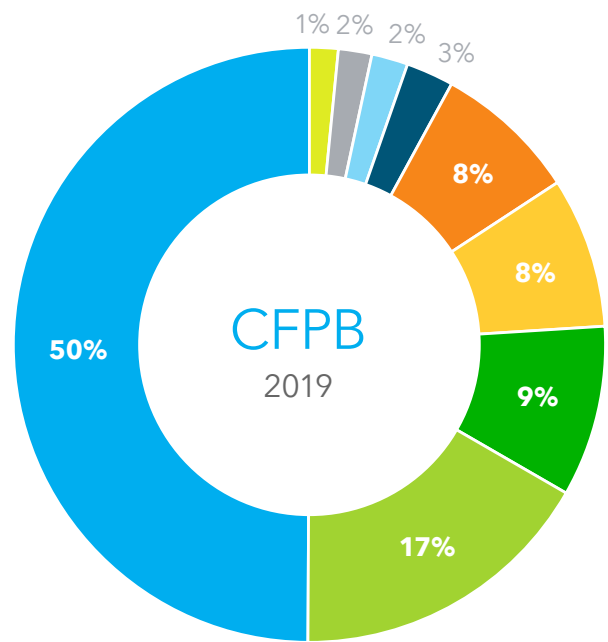
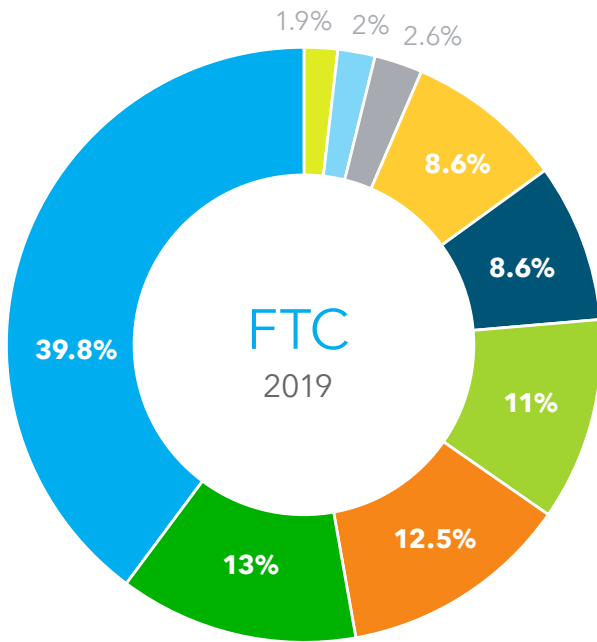


Mortgage-related complaints have been on a decline in recent years (see [Section 3](#) for 2020 mortgage complaint data)



Student loan complaints peaked in 2017 and have been on the decline since, following the FTC's nationwide crackdown on student loan debt relief scams (titled [Operation Game of Loans](#))

Complaints by Product



- Bank Account or Service
- Consumer Loans (Auto + Other)
- Credit Cards
- Credit Reporting
- Debt Collection/Management
- Mortgage
- Other
- Payday Loans
- Student Loans

KEY OBSERVATIONS:



The most complained about product in 2019 was credit reporting, accounting for 40% of all FTC complaints and 50% of all CFPB complaints



Mortgage, credit cards, and bank accounts and services were the top complained about products behind credit reporting and debt collection, collectively accounting for 34% of FTC complaints and 25% of CFPB complaints



RISK SIGNAL:

Complaints are continuing to rise for credit reporting, debt collection, credit cards, and bank accounts and services. If you work with any of these products or services, place a heavier scrutiny on customer service and compliance initiatives.



Credit Reporting

There has been a sharp increase in credit reporting-related complaints, up 208% since 2016 in the CFPB's database.

This big jump comes after Equifax's major data breach in 2017, meaning that consumers have likely become more sensitive to credit reporting companies and are more likely to submit complaints against even the smaller credit reporting companies.



According to [PIRG](#), since consumers are not their direct customers, credit reporting companies could be less responsive to solving mistakes on credit reports and investigating existing problems. And, since this incorrect information can negatively impact a consumer's credit score, consumers are more prompt to submit these complaints.

**To Read The Full Report
[Click Here](#)**



Debt Collection

There's been a steep increase in debt collection-related complaints in recent years, up 415% in 2019 from 2016 in the FTC's database.

The FTC, in conjunction with the CFPB and state and federal law enforcement partners, [announced](#) in September 2020 that they will be cracking down on abusive debt collection practices in a new initiative called Operation Debt Collector.

This crackdown encompasses more than 50 [enforcement actions](#) against debt collectors engaged in these illegal practices brought by the FTC, three federal partners, and partners from 16 states. Companies engaged in debt collection services should be vigilant about their practices to avoid facing scrutiny from the regulators.



RISK SIGNAL:

Credit reporting and debt collection are under heightened scrutiny by the regulators, especially during the pandemic. Regulators are paying special attention to the Fair Debt Collection Practices Act (FDCPA), which says that debt collectors are not allowed to use unfair practices in collecting debt. Specifically, the CFPB is actively [educating](#) consumers on their rights.



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