



Consumer Financial Protection Bureau  
1700 G Street, NW  
Washington, DC 20552

Lorelei Salas  
Commissioner

June 4, 2018

**RE: Docket No. CFPB-2018-0006, Request for Information Regarding Bureau Public Reporting Practices of Consumer Complaint Information**

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NYC Department of Consumer Affairs (“DCA”) protects and enhances the daily economic lives of New Yorkers to create thriving communities. DCA licenses more than 81,000 businesses in more than 50 industries and enforces key consumer protection, licensing, and workplace laws that apply to countless more. By supporting businesses through equitable enforcement and access to resources, and by helping to resolve complaints, DCA protects the marketplace from predatory practices and strives to create a culture of compliance.

DCA appreciates the opportunity to comment on the U.S. Bureau of Consumer Financial Protection’s (“the Bureau”) Request for Information, which seeks assistance assessing its mandated public reporting practices of consumer complaint information. DCA believes the Bureau’s public reporting practices are an indispensable resource for external stakeholders and the addition of new product and service areas has succeeded in providing greater context for the study of ongoing patterns and trends regarding issues that affect consumers. Conversely, any efforts to scale down the categories publicly available would adversely diminish the effectiveness of these reports.

Prior to the passage of the Dodd-Frank Act that created the Bureau, there was a dearth of federal resources focused on consumer protection, particularly with regard to financial products.<sup>1</sup> The Bureau has reversed this trend through dedicated efforts to hold providers of financial products and services accountable to federal oversight, as demonstrated by the growth of the Bureau’s Civil Penalty Fund, which totaled \$566 million by the end of September 2017.<sup>2</sup> An important facet of this oversight work has been the Bureau’s standardized practice of publicly reporting on consumer complaint information. As the Bureau noted in previous policy statements, it has the legal authority to provide these reports.<sup>3</sup> Moreover, financial reform, consumer advocacy, civil rights, privacy and government groups corroborate the Bureau’s obligation to provide a public database in order to meet its affirmative disclosure requirements under FOIA and the Bureau’s own regulations.<sup>4</sup>

Public reporting of complaint information is essential to informing the Bureau’s own enforcement efforts, as well as to helping consumers navigate the market for financial products and services. In its own words, the Bureau has noted that its

<sup>1</sup> <https://www.consumerfinance.gov/about-us/the-bureau/creatingthebureau/>

<sup>2</sup> <https://www.consumerfinance.gov/about-us/payments-harmed-consumers/civil-penalty-fund/>

<sup>3</sup> <https://www.gpo.gov/fdsys/pkg/FR-2012-06-22/pdf/2012-15163.pdf>

<sup>4</sup> [https://files.consumerfinance.gov/f/201303\\_cfpb\\_Final-Policy-Statement-Disclosure-of-Consumer-Complaint-Data.pdf](https://files.consumerfinance.gov/f/201303_cfpb_Final-Policy-Statement-Disclosure-of-Consumer-Complaint-Data.pdf)

complaint data informs its regulatory agenda and priorities.<sup>5</sup> Similarly, the patterns and trends of products, sub-products, and issues revealed in the collected data help researchers and advocates educate consumers of potential financial risks. Within a given municipality, complaint data can inform the gravity of consumer financial protection issues because the data set includes the location from which a complaint is made. This local data can supplement the efforts of municipal enforcement entities to understand the marketplace and safeguard its consumers. For example, DCA, in its own outreach efforts, has utilized its own internal complaint data to identify communities in New York City with an atypically low rate of complaints. These communities were then targeted for greater education efforts intended to raise awareness about the agency's services and encourage consumers to utilize the agency as a resource for complaints. In addition, DCA's Office of Financial Empowerment has used the CFPB consumer complaint database to identify the complaint patterns of NYC residents and we have found that the database, when coupled with other efforts, is a great resource to help inform our work to support the financial health of consumers in New York City.

The Bureau's commitment to transparency and fairness in its data reporting has been a model for fostering business compliance.<sup>6</sup> Not only can businesses dispute complaints by verifying an existing or non-existing commercial relationship with a consumer within 15 days, businesses can also utilize the database as a resource to learn from past offenses.<sup>7</sup> In its own efforts, DCA has insisted that creating a culture of compliance is incumbent upon the regulatory agency's transparency with its constituencies. For businesses, this is enhanced by providing them with tools to prevent recidivism. Commenters responding to previous policy statements by the Bureau have likewise noted that the publicly available complaint information can be utilized by businesses to develop best practices to attract consumers and maintain competitiveness against other industry providers.<sup>8</sup> Responsiveness to complaints holds businesses accountable to consumers, and ensures that they remedy the issues that have generated these complaints.

Public reporting practices improve both consumer and business understanding of the marketplace, which serves to drive informed competition. DCA commends the Bureau's determination to consistently improve and expand the consumer complaint database.<sup>9</sup> Previously, a clear deficiency in the publicly available consumer complaint information was the lack of narratives in the complaints filed by the consumer. A lack of qualitative data made it difficult for users of the data to understand the full scope of a consumer complaint. Despite now including the narratives of consumers, a clear gap still remains with regard to company responses. Currently, company responses function as a variable, but lack narratives that can provide the full breadth of the response. It is in these instances when publicly available data lacks context that it is most susceptible to misinterpretation. Therefore, efforts to roll back the categories available to researchers, consumers, and businesses for study are DCA's greatest cause for concern as we consider the future of the Bureau's complaint database. Notably, in April, 2017, the Bureau's consumer complaint

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<sup>5</sup><https://files.consumerfinance.gov/f/reports/CFPB%20Consumer%20Response%20Interim%20Report%20on%20Credit%20Card%20Complaint%20Data.pdf>

<sup>6</sup>[https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201706\\_cfpb\\_Semi-Annual-Report.pdf](https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201706_cfpb_Semi-Annual-Report.pdf)

<sup>7</sup><http://cfpb.github.io/api/ccdb/>

<sup>8</sup>[https://files.consumerfinance.gov/f/201303\\_cfpb\\_Final-Policy-Statement-Disclosure-of-Consumer-Complaint-Data.pdf](https://files.consumerfinance.gov/f/201303_cfpb_Final-Policy-Statement-Disclosure-of-Consumer-Complaint-Data.pdf)

<sup>9</sup>[https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201706\\_cfpb\\_Semi-Annual-Report.pdf](https://s3.amazonaws.com/files.consumerfinance.gov/f/documents/201706_cfpb_Semi-Annual-Report.pdf)

database unexpectedly stopped collecting vital consumer information on whether the consumer disputed a company response.

Despite contrary assertions from industry comments, DCA believes that clear and comprehensive database categories, such as the consumer dispute option, offer real insight into whether a company is committed to serving its consumers.<sup>10</sup> In DCA's own investigations into the secondhand auto dealer industry in New York City, testimony detailing consumers' interactions with businesses enhanced the agency's understanding of the distinct practices utilized by predatory dealers.<sup>11</sup> For example, advocates and legal service providers testified to the fact that consumers were often unsure of their rights, unsure of their access to safer products and services, and/or their ability to qualify for certain financing terms. This enabled predatory secondhand auto dealers to deceive consumers. Our experience demonstrated the value of ascertaining qualitative data to complement quantitative data, and is a practice the agency replicates in other areas of consumer protection. We note this here to urge the Bureau to consider before it proceeds with eliminating additional categories from its database.

The Department of Consumer Affairs believes the Bureau's practice of providing publicly available reports and data on consumer complaints has been valuable to stakeholders and in keeping with the Bureau's authority and obligations. Further, we recommend against the scaling back of database categories that can educate consumers, researchers, and policymakers. We appreciate the opportunity to express our concerns, share information, and present you with suggestions for future action.

Respectfully submitted,



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<sup>10</sup> [https://files.consumerfinance.gov/f/201303\\_cfpb\\_Final-Policy-Statement-Disclosure-of-Consumer-Complaint-Data.pdf](https://files.consumerfinance.gov/f/201303_cfpb_Final-Policy-Statement-Disclosure-of-Consumer-Complaint-Data.pdf)

<sup>11</sup> [http://www1.nyc.gov/assets/dca/downloads/pdf/partners/SHAD\\_Report.pdf](http://www1.nyc.gov/assets/dca/downloads/pdf/partners/SHAD_Report.pdf)