

# Financial Watchdog's Key Tool: Consumers' Complaints

## *CFPB Says a Father's Tip Sparked Probe Into Military Auto Loans; Payday Loans, Debt Collectors Get Spotlight, Too*

By

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Nov. 7, 2013 3:52 p.m. ET

WASHINGTON—Thousands of consumer complaints about credit cards, home loans, debt collectors and payday loans are turning into a pivotal tool for a new federal consumer watchdog as it steps up scrutiny over the financial system.

For more than two years, the Consumer Financial Protection Bureau has built a public database of consumers' gripes, which it passes along to financial firms in hopes of getting them resolved.

This week, the CFPB started taking complaints on small, short-term "payday" loans, urging consumers to submit complaints about unexpected fees or interest charges and other problems. Also this week, the CFPB published on its website more than 5,000 complaints about the debt-collection industry.

The moves illustrate how the regulator is using input from the public to police the financial system. CFPB officials say such complaints help them figure out where to focus their supervisory efforts and find potential violations of the law.

The agency has received roughly 233,000 complaints about issues such as aggressive debt collectors, credit-report mistakes and foreclosure problems. It has published the details of nearly 160,000 of those complaints on its website.

Other regulators—including the Federal Trade Commission and several bank regulators—have long taken complaints from consumers. But the CFPB is the only agency to publish specific information on every complaint—including how it is resolved.

The agency's approach rankles some in the financial industry who say the publication of complaints leads to an unfair and overly negative view of companies. They fault the CFPB for failing to verify the facts behind complaints—apart from ensuring the gripe is coming from an actual customer.

"You're throwing allegations up on the wall and hoping something sticks," said Richard Hunt, chief executive of the Consumer Bankers Association.

CFPB officials say it wouldn't be appropriate for the agency to judge which complaints are valid.

In an interview, CFPB Director [Richard Cordray](#) said he hoped publicizing such information would prod financial firms to improve their treatment of consumers. "They don't want to be the one that is most complained about," Mr. Cordray said.

An analysis published in September by the U.S. Public Interest Research Group singled out Minnesota-based TCF National Bank as having the most complaints per billion dollars of deposits.

A spokesman for TCF didn't immediately respond to a request for comment.

Not all companies are wary. Tom Gavinski, vice president of IC System Inc., an 800-employee debt-collection company based in St. Paul, Minn., said his firm didn't mind the attention. "It should certainly shed some light as to where are complaints coming from," he said.

CFPB officials said the agency's pursuit of public input had helped the regulator pursue investigations of financial firms.

For example, Mr. Cordray said, over the summer the consumer regulator was tipped off to problems with a military auto-lending program through an online submission. The father of a young soldier expressed concern his son was buying a truck for more than 70% of his take-home pay, Mr. Cordray said.

The consumer regulator in June reached a \$6.5 million settlement with [U.S. Bancorp](#) over allegations it misrepresented the cost of auto loans made to military members. The bank didn't admit or deny the allegations.

Alexander Saenz of New York filed a complaint with the CFPB over the summer in an attempt to resolve a prolonged dispute over fraudulent ATM deposits and withdrawals from late 2011 on his Chase bank account.

Mr. Saenz, said he reported the charges to police, closed the account and opened a new one. But he then he got into a dispute with Chase over the charges, with the company holding him responsible for the losses and seizing about \$733 from the new account, he said.

After he filed a complaint with the CFPB with help from the New York-based New Economy Project, an advocacy group for low-income consumers, Chase returned the money. A Chase spokesman declined to comment.

Mr. Saenz credited the CFPB complaint system for helping to get the bank's attention. "This has been a nightmare," he said.

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