

BUREAU OF CONSUMER FINANCIAL PROTECTION | MARCH 2019

# Consumer Response Annual Report

January 1 – December 31, 2018



# Message from the Director



I am pleased to present the Bureau of Consumer Financial Protection's (CFPB or Bureau) Consumer Response 2018 Annual Report, as required by Section 1013(b)(3)(C) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act).

Since I was confirmed as the Bureau's new Director in December 2018, I have emphasized that the Bureau must hold stability, consistency, and transparency as hallmarks as we mature the agency. This report is one way we are delivering on the promise of transparency.

From January 1 through December 31, 2018, the Bureau received approximately 329,800 complaints. Financial markets are complex, rapidly changing environments, which are best viewed over time. This Annual Report not only details the trends Consumer Response has seen through the lens of consumer complaints during the past year, but also compares them to trends observed in the prior year. Additionally, this report provides information about the Bureau's complaint handling process to provide context for the complaint analyses.

In 2018, the Bureau issued two Requests for Information (RFIs) that were specific to the work detailed in this report. These RFIs, about complaint reporting practices and complaint and inquiry handling processes, received over 25,000 public comments. The Bureau continues to consider this and other input received from the public. The insights we gain from our review will inform how our complaint program will evolve and how we will serve and interact with the program's various stakeholders, including consumers, companies, and other regulators.

For America's financial system to run successfully, consumers should be treated fairly, financial institutions that serve them should have a level playing field on which to compete, and the marketplace should innovate in ways that give consumers more choices and meet their needs. In keeping with our statutory obligations and commitment to transparency, we are issuing this

report to inform the public about our operations and the insights we have gleaned from complaints to help maintain a financial system that works for all.

Sincerely,

A handwritten signature in blue ink that reads "Kathleen L. Kraninger". The signature is written in a cursive style with a prominent initial "K".

Kathleen L. Kraninger

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# 1. Introduction

One of the primary functions of the Bureau of Consumer Financial Protection (CFPB or Bureau) is collecting, investigating, and responding to consumer complaints.<sup>1</sup> Created by the Bureau, under the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Office of Consumer Response (Consumer Response)<sup>2</sup> handles consumer complaints, and analyzes and shares complaint data to level the playing field and empower consumers to take more control over their financial lives.<sup>3</sup>

In 2018, the Bureau received approximately 329,800 consumer complaints.<sup>4</sup> The Bureau receives consumer complaints through its website, by referral from the White House, congressional offices, and other federal and state agencies, and by telephone,<sup>5</sup> mail, email, and fax.<sup>6</sup> Consumers submitted approximately 86% of complaints by visiting the CFPB’s website or by calling the CFPB’s toll-free telephone number.

When consumers submit complaints online or over the phone, the Bureau asks them to identify the consumer financial product or service with which they have a problem, as well as the type of problem they are having with that product or service. This provides information that the Bureau can use to analyze complaints. The Bureau’s complaint form also requires consumers to affirm that the information provided in their complaint is true to the best of their knowledge and belief.

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<sup>1</sup> See Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, Pub. L. No. 111-203 (Dodd-Frank Act), Section 1021(c)(2). See also § 1002(4) (“The term ‘consumer’ means an individual or an agent, trustee, or representative acting on behalf of an individual.”).

<sup>2</sup> *Id.* § 1013(b)(3)(A).

<sup>3</sup> Consumer complaints are submissions that express dissatisfaction with, or communicate suspicion of wrongful conduct by, an identifiable entity related to a consumer’s personal experience with a financial product or service.

<sup>4</sup> This report covers complaints submitted in calendar year 2018 about a variety of consumer financial products and services: credit or consumer reporting; debt collection; mortgages; credit cards; checking or savings; student loans; money transfers, money services, and virtual currencies; vehicle loans or leases; personal loans; payday loans; prepaid cards; credit repair; and, title loans.

<sup>5</sup> In addition to taking consumers’ complaints and providing complaint status updates over the telephone via a toll-free number, the Bureau also provides consumers with timely and understandable information about consumer financial products and services over the telephone. Representatives at the Bureau’s U.S.-based contact center answer consumers’ inquiries, providing clear, unbiased answers and pointing them to CFPB-created tools like [Ask CFPB](#) and [Buying a House](#).<sup>6</sup> The Bureau provides services to consumers in more than 180 languages and to consumers who are deaf, have hearing loss, or have speech disabilities. In 2018, the Bureau received an average of more than 21,200 telephone calls per month.

<sup>6</sup> See Dodd-Frank Act § 1013(b)(3).

The Bureau encourages consumers to submit complaints through its website whenever possible. The online complaint form helps to ensure completeness of information and enables Consumer Response to send the complaint to the named company quickly—on average, in one day or less. The online complaint form allows consumers to attach supporting documentation to their complaint, which often helps companies assess issues raised by consumers. Consumers can also check on the status of their complaint and access relevant educational resources in the web-based Consumer Portal.

The Bureau routes consumers' complaints about financial products and services—and any documents they provide—directly to financial companies, and works to get consumers a timely response, generally within 15 days. Secure, web-based Company and Consumer Portals protect consumer and company privacy. Where appropriate, the Bureau securely routes complaints to other federal agencies.<sup>7</sup>

After a consumer receives the company's response to their complaint, the consumer can provide feedback by completing an optional survey. Consumers have 60 days from the date the company responded to complete the survey.

Consumer Response analyzes consumer complaints, company responses, and consumer feedback to assess the accuracy, completeness, and timeliness of company responses so that the Bureau, other regulators, consumers, and the marketplace have relevant information about consumers' challenges with financial products and services. Consumer Response uses a variety of approaches to analyze consumer complaints, including cohort and text analytics to identify trends and possible consumer harm. These analyses support the Bureau's work to supervise companies, enforce federal consumer financial laws, propose rules, and develop tools that help empower consumers to make informed financial decisions.

The Bureau also shares consumer complaint information with prudential regulators, the Federal Trade Commission, other federal agencies, and state agencies.<sup>8</sup> In keeping with the Bureau's statutory responsibilities and its commitment to accountability, this report provides information and analysis about complaints received by the Bureau from January 1 through December 31,

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<sup>7</sup> Dodd-Frank Act § 1013(b)(3)(A) (“The Director shall coordinate with the Federal Trade Commission or other Federal agencies to route complaints to such agencies, where appropriate.”).

<sup>8</sup> *Id.* § 1013(b)(3)(D).

2018, including information and analysis about complaint numbers, complaint types, and, where applicable, information about the resolution of complaints.<sup>9</sup>

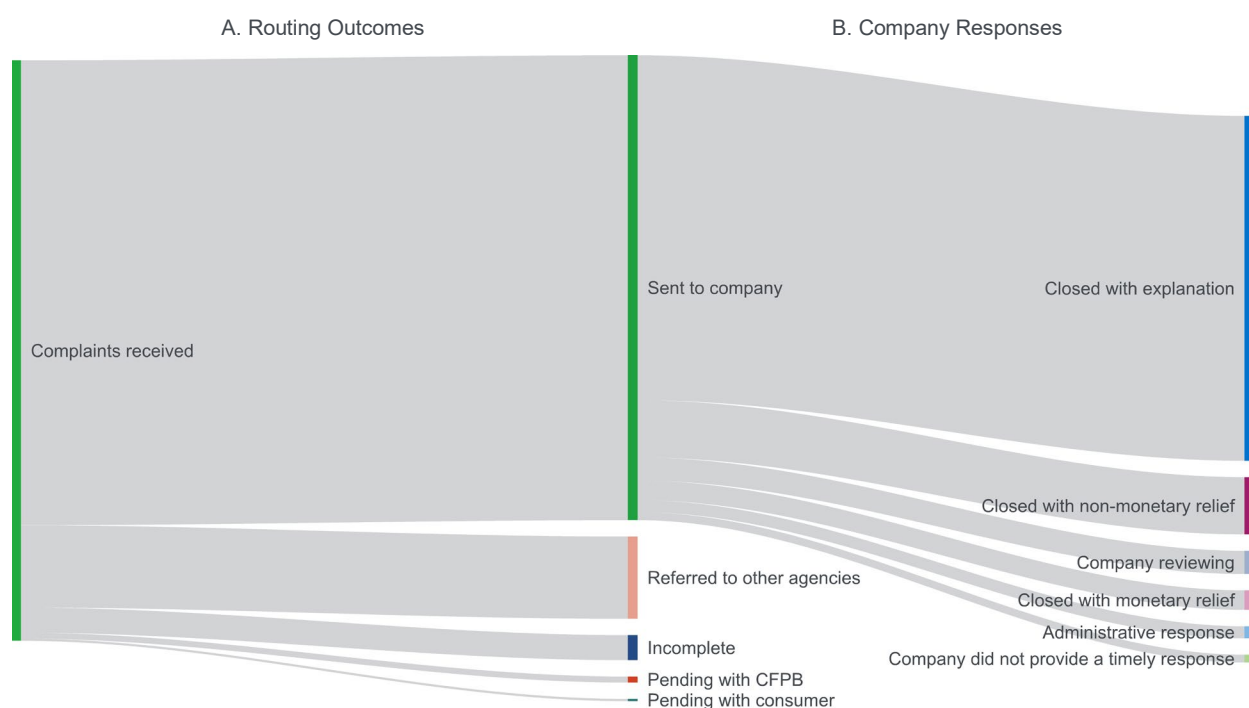
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<sup>9</sup> This report fulfills the reporting requirements of Dodd-Frank Act Section 1013(b)(3)(C), which instructs the Bureau to report on the complaints received by the Bureau in the prior year. “Complaints received” include those sent to companies for a response and those routed to other federal agencies as required by Section 1013(b)(3)(A). This report also fulfills the reporting requirements of Fair Credit Reporting Act Section 611(e), 15 U.S.C. § 1681i(e).

## 2. Complaint Numbers

The Bureau received approximately 329,800 consumer complaints in 2018.<sup>10</sup> The Bureau sent approximately 264,100 (or 80%) of these complaints to companies for review and response, referred 14% of complaints received to other regulatory agencies, and found 4% to be incomplete. At the end of 2018, 0.4% of complaints were pending with the consumer and 1% were pending with Bureau (see Figure 1A, Routing Outcomes).

**FIGURE 1:** COMPLAINT OUTCOMES IN 2018



More than 2,700 companies responded to complaints sent to them for review and response by the Bureau in 2018. Companies confirmed a commercial relationship with the named consumer and provided a substantive response to the consumer and the CFPB (i.e., closed with explanation, closed with non-monetary relief, closed with monetary relief) in approximately 239,600 complaints (see Figure 1B, Company Responses). Companies provided an administrative response in approximately 6,800 complaints. At the end of 2018, approximately

<sup>10</sup> This report excludes some complaints that the Bureau received, including multiple complaints submitted by a given consumer on the same issue (i.e., duplicates), whistleblower tips, and complaints the Bureau found were submitted without the consumer's authorization. Complaint data in this report is current as of January 2, 2019. Complaint numbers are rounded throughout the report; therefore, numbers and percentages may not sum to sub-totals or 100%.



13,200 complaints were being reviewed by companies, and approximately 4,500 complaints did not receive a timely response. Section 3, Complaint Resolution, provides more details about types of company responses.

Consumer Response analyzes complaint data through various lenses to understand the situations consumers encounter collectively in the financial marketplace, including:

- The products and services consumers submit complaints about
- Consumers' reported attempts to resolve the issue with the company before submitting a complaint to the Bureau
- Consumers' geographic region
- How different groups of consumers, such as older consumers and servicemembers, report issues with financial products and services compared to consumers overall<sup>11</sup>

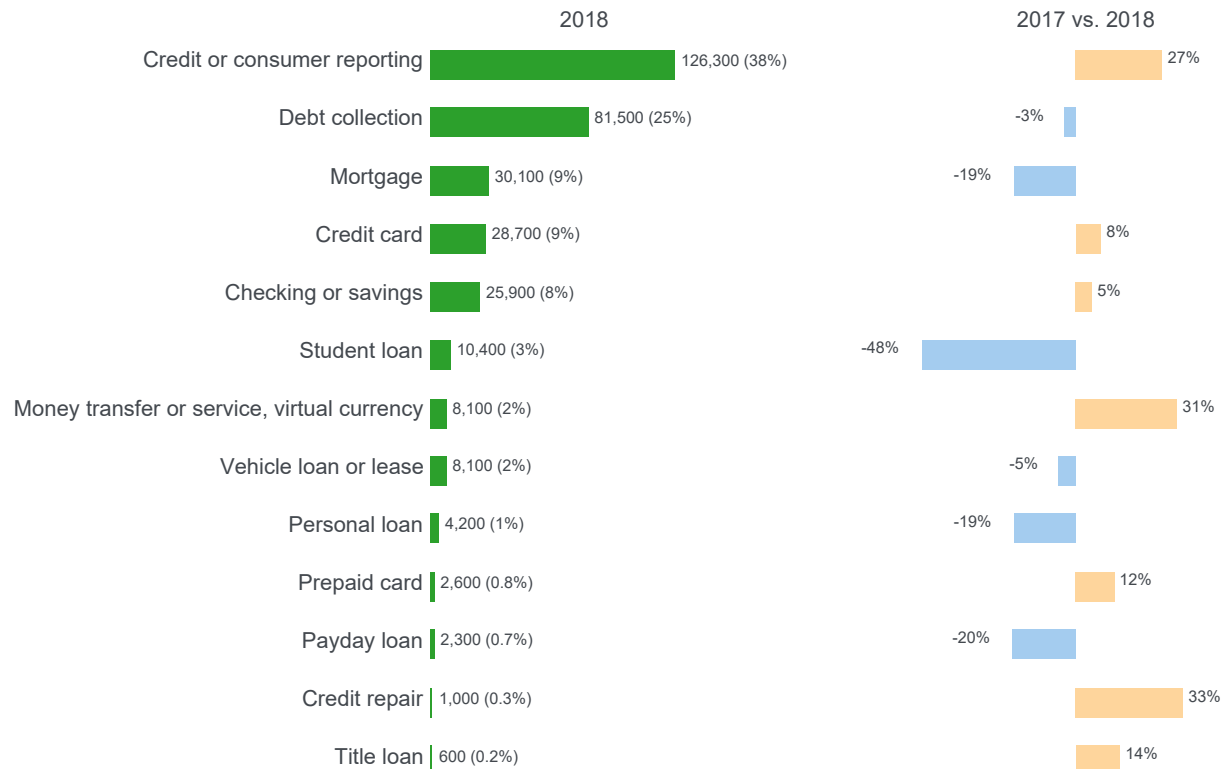
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<sup>11</sup> Older consumers and servicemembers are both self-identified. Servicemembers refers to servicemembers, veterans, and military families. Older consumers refers to consumers who voluntarily reported their age as 62 or older.

## Products and Services

As shown in Figure 2, credit or consumer reporting, debt collection, mortgage, credit card, and checking or savings were the most complained about consumer financial product and service categories in 2018. Collectively, these products comprised approximately 89% of all complaints the Bureau received.

**FIGURE 2: COMPLAINT VOLUME BY FINANCIAL PRODUCT OR SERVICE<sup>12</sup>**

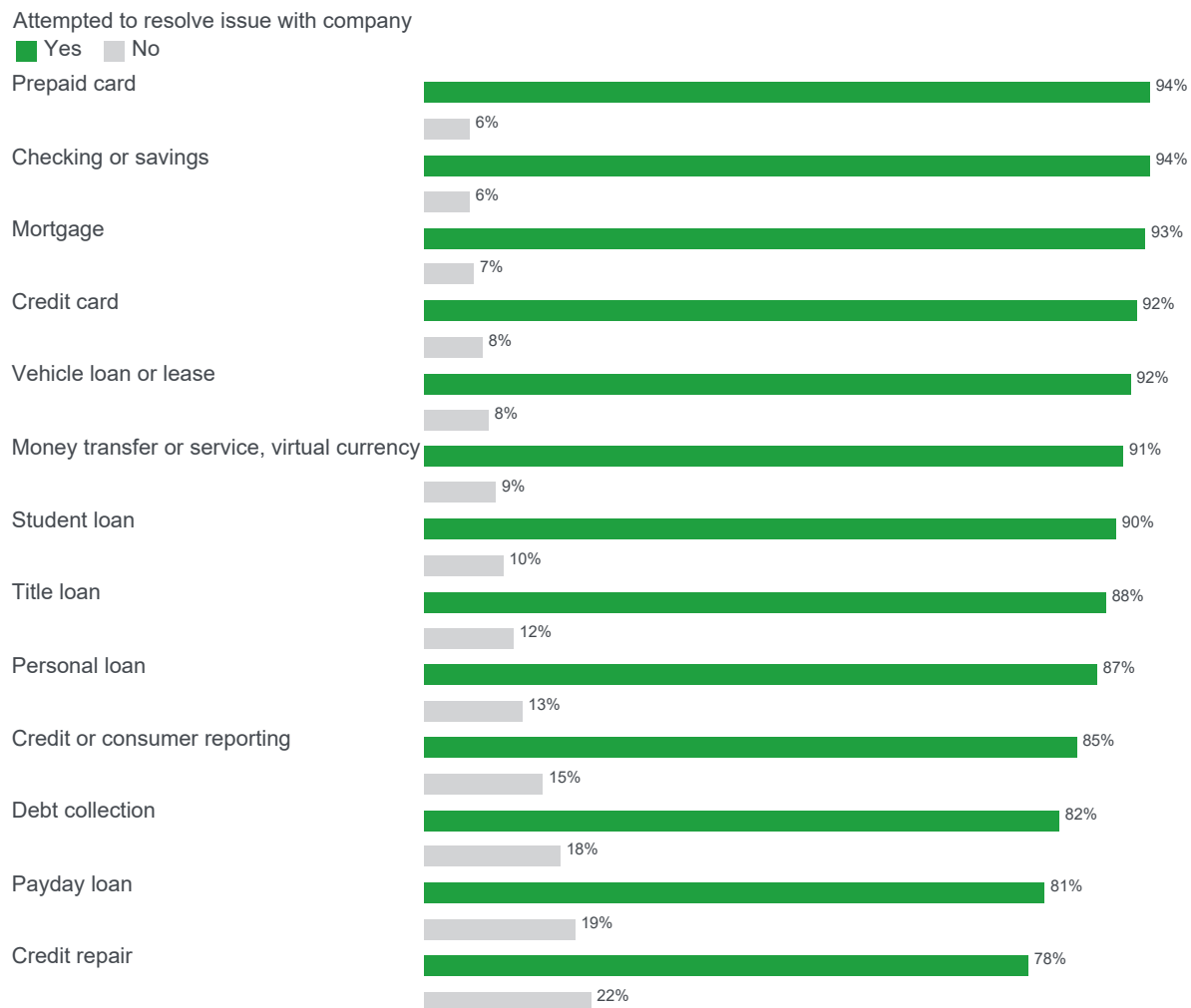


<sup>12</sup> This figure excludes approximately 100 complaints where the consumer did not select a specific consumer financial product or service.

## Prior Company Contact

In April 2017, the Bureau’s complaint form began requiring consumers to indicate whether they tried to resolve the problem with the company before submitting a complaint to the Bureau. As shown in Figure 3, the majority of consumers indicated having tried already to resolve the issue with the named company. While the Bureau shares this information with the company to aid in the review of the complaint, the Bureau does not verify the information or require companies to confirm or deny whether the consumer attempted to resolve the problem.

**FIGURE 3:** PERCENTAGE OF CONSUMERS WHO REPORTED ATTEMPTING TO CONTACT COMPANY BEFORE SUBMITTING COMPLAINT



## Geographic Region

Consumers from all 50 states and the District of Columbia submitted complaints to the Bureau. To understand state and regional trends, Consumer Response analyzes the geographic distribution of complaints after accounting for population differences. Figure 4 shows that, on a per capita basis, the Bureau received more complaints from consumers in Washington, D.C. than anywhere else in the United States, followed by consumers in Georgia, Florida, Nevada, and Delaware. Consumers in South Dakota submitted the fewest complaints of any state per capita.

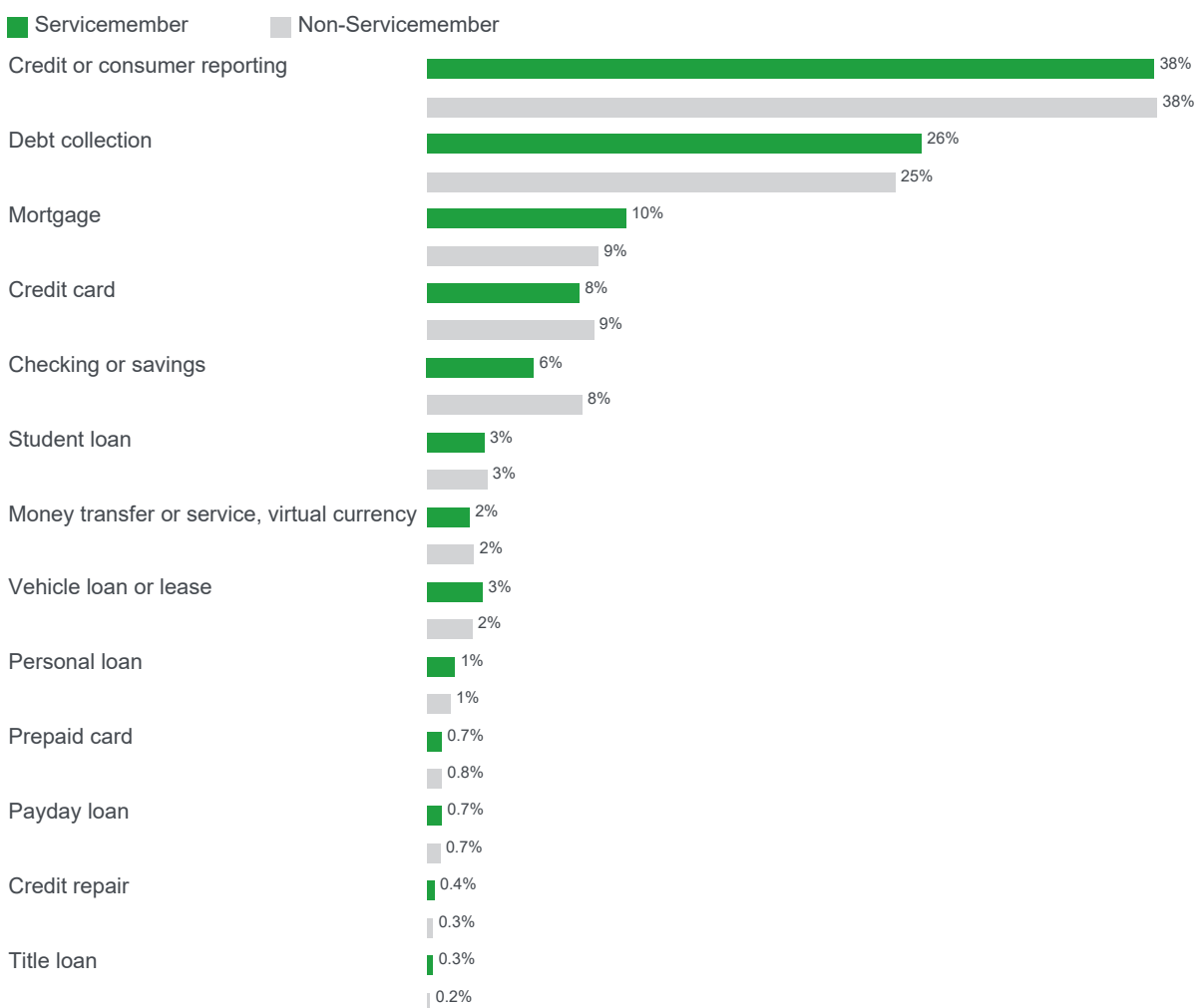
**FIGURE 4:** U.S. COMPLAINT SUBMISSIONS PER 100K POPULATION



## Servicemembers

Consumer Response and the Bureau’s Office of Servicemember Affairs monitor and analyze complaints from servicemembers, veterans, and military families (collectively referred to as “servicemembers” in this report). As shown in Figure 5, servicemembers submitted complaints about products and services at similar rates as non-servicemembers. Servicemembers’ complaints were slightly more often about debt collection, mortgages, and vehicle loans or leases than non-servicemembers’, and were less often about credit cards and checking or savings. Section 4 of this report (Complaint Types) analyzes some of these differences.

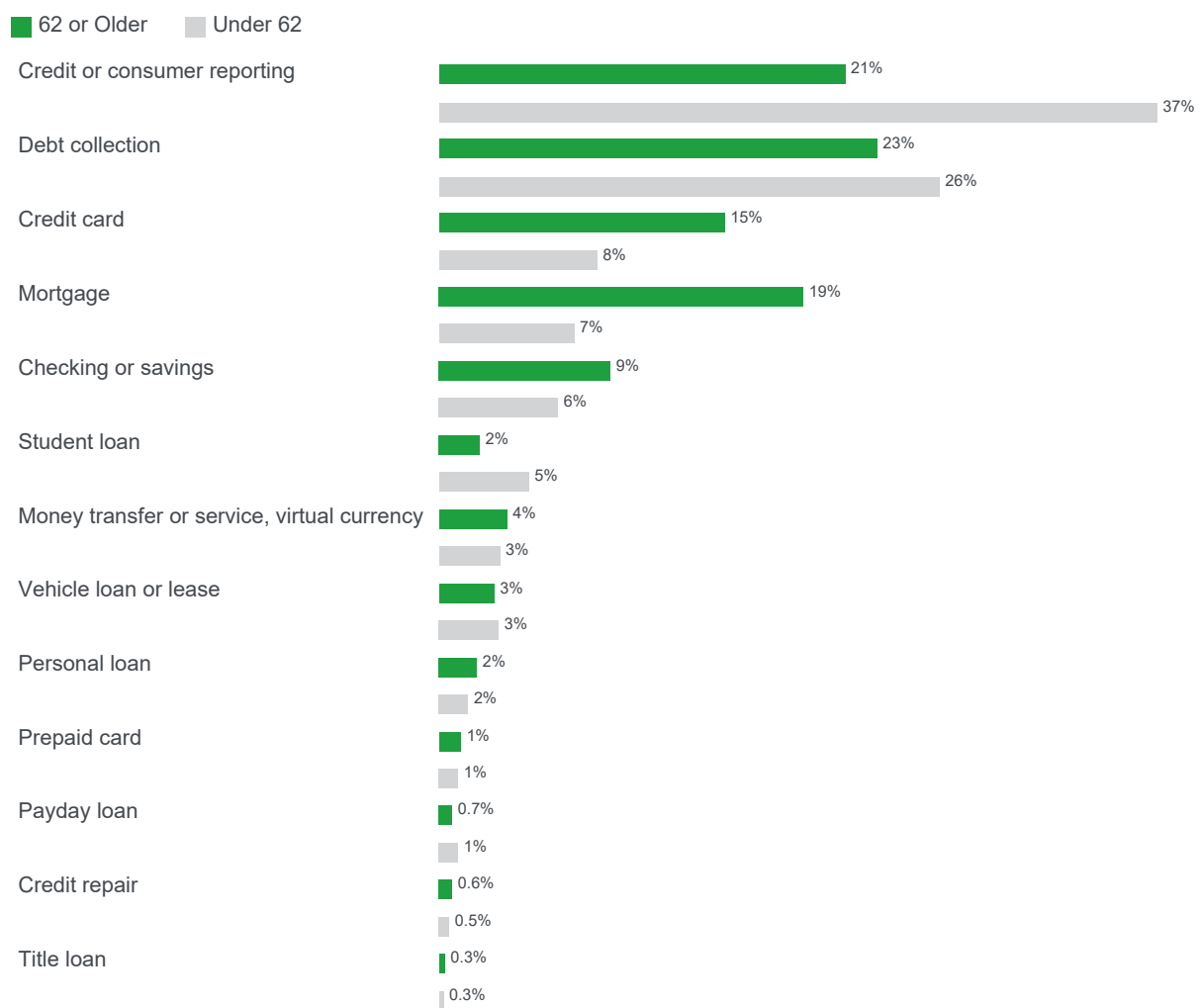
**FIGURE 5:** COMPLAINTS SUBMITTED BY SERVICEMEMBERS AND NON-SERVICEMEMBERS



## Older Consumers

Consumer Response and the Bureau’s Office of Financial Protection for Older Americans monitor and analyze complaints from consumers who indicated they were 62 years of age or older at the time of submission. As shown in Figure 6, complaints submitted by older consumers were less often about credit or consumer reporting, debt collection, and student loans, and more often about mortgage, credit card, and checking or savings than complaints submitted by consumers under 62. Section 4 of this report (Complaint Types) analyzes some of these differences.

**FIGURE 6:** PERCENTAGE OF COMPLAINTS BY PRODUCT AND AGE GROUP



# 3. Complaint Resolution

Companies responded to 96% of the approximately 264,100 complaints that the Bureau sent to them for response in 2018. Companies confirmed a commercial relationship with, and provided responses to, consumers in approximately 91% of these complaints. Table 1 shows how companies responded.

Company responses include descriptions of steps that have or will be taken, communications received from the consumer, any follow-up actions or planned follow-up actions, and a categorization of the response. Response category options include “Closed with monetary relief,” “Closed with non-monetary relief,” “Closed with explanation,” “In progress,” and administrative options.

The Bureau defines “monetary relief” as objective, measurable, and verifiable monetary relief to the consumer as a direct result of the steps that have or will be taken in response to the complaint. The Bureau defines “non-monetary relief” as other objective and verifiable relief to the consumer as a direct result of the steps that have or will be taken in response to the complaint. Examples of non-monetary relief to consumers include: mortgage foreclosure alternatives that help consumers keep their home; stopping unwanted calls from debt collectors; correcting inaccurate data provided or reported in consumers’ credit reports; correcting account information; and, addressing formerly unmet customer service issues.

“Closed with explanation” indicates that the steps taken by the company in response to the complaint included an explanation that was tailored to the individual consumer’s complaint. For example, this category is used if the explanation substantively meets the consumer’s desired resolution or explains why no further action will be taken.

Companies provide an “Administrative Response” when further review by Consumer Response may be needed. This includes complaints submitted by unauthorized third parties, complaints that are the result of fraud, scams or business identity theft, and complaints where a company cannot confirm a commercial relationship with the consumer.

Section 4 of this report (Complaint Types) provides an analysis of patterns and trends of company responses for each product and service.

**TABLE 1: HOW COMPANIES HAVE RESPONDED TO CONSUMER COMPLAINTS<sup>13</sup>**

	<b>Closed with monetary relief</b>	<b>Closed with non-monetary relief</b>	<b>Closed with explanation</b>	<b>Administrative response</b>	<b>Company reviewing</b>	<b>Company did not provide a timely response</b>
All	4%	12%	74%	3%	5%	2%
Checking or savings	21%	3%	66%	3%	6%	1%
Credit card	16%	11%	66%	2%	5%	1%
Credit or consumer reporting	<1%	18%	72%	3%	6%	1%
Credit repair	11%	10%	64%	2%	4%	9%
Debt collection	1%	12%	78%	1%	3%	5%
Money transfer or service, virtual currency	7%	4%	80%	2%	4%	2%
Mortgage	3%	3%	85%	4%	4%	2%
Payday loan	3%	3%	79%	6%	3%	6%
Personal loan	6%	6%	75%	5%	4%	5%
Prepaid card	21%	3%	68%	2%	5%	1%
Student loan	2%	6%	85%	2%	3%	2%
Title loan	4%	12%	72%	3%	4%	6%
Vehicle loan or lease	5%	8%	79%	1%	4%	4%

<sup>13</sup> Percentages throughout this report may not sum to 100% due to rounding. The Bureau requests that companies provide a response to each complaint within 15 calendar days of the complaint being sent to the company. When a complaint cannot be closed by the company within 15 calendar days, the company may indicate that work to respond to the complaint is “In progress” and provide a final closure response within 60 calendar days of the complaint being sent to the company. Responses provided outside the 15- or 60-day timeframe are considered “untimely.”



# 4. Complaint Types

Monitoring consumer complaints is one of Consumer Response's primary functions. Complaints provide insights into problems consumers experience and can serve as an early indicator of issues in the financial marketplace. Complaint analyses support the Bureau's work to supervise companies, enforce federal consumer financial laws, propose rules, and develop tools to empower consumers to make informed financial decisions.

The Bureau analyzes complaints in a number of ways to identify trends and possible consumer harm. For example, Consumer Response counts complaints across a number of categories, such as product, issue, sub-product, sub-issue, company, and company response, among others. Consumer Response analyzes these counts across time and geography, as well as by self-identified characteristics such as servicemember status and age.<sup>14</sup>

While counting complaints provides important information to the Bureau, it has some limitations. The Bureau recognizes that complaint data can often be better understood in the context of other data, such as product or service market size and company share. But providing additional market context to complaint information requires the Bureau to balance a number of considerations. For example, a variety of measures may provide useful context, (e.g., company size, number of accounts, number of transactions, and company market share), but the availability of this market information varies by financial product and service.

Given these and other considerations, the Bureau has not yet identified an approach to contextualize multiple products, services, and markets without imposing a significant burden on companies to provide data. Nevertheless, because context is important, throughout this section the Bureau references publicly available data and research, where available, that provides some market context. The Bureau also continues to welcome specific suggestions and best practices about how to publish information about complaints.

In addition to counting complaints, the Bureau analyzes the narrative text consumers provide in their complaints, frequently augmenting traditional qualitative analysis with automated methods. Similarly, the Bureau analyzes the text companies provide in their responses to consumers and in the documents provided to support their responses. Analyzing text from

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<sup>14</sup> When comparing older consumers to their younger counterparts, the Bureau limits its analysis to consumers who provided their age when submitting a complaint. Therefore, the Bureau excludes complaints where the consumer opted not to disclose their age.

consumers and companies provides a more complete understanding of issues and a clearer idea of how companies respond to those issues.

The following sub-sections provide information and analyses of the types of complaints consumers submitted to the Bureau in 2018.<sup>15</sup> Each sub-section includes an analysis of the products consumers complained about, problems they experienced, and how companies responded.<sup>16</sup> Where appropriate, sub-sections include a discussion of how product types and issues differ for specialty populations (i.e., older consumers and servicemembers).

## 4.1 Credit or consumer reporting

The Bureau received approximately 126,300 credit or consumer reporting complaints in 2018. The Bureau sent approximately 114,900 (or 91%) of these complaints to companies for review and response, referred 6% to other regulatory agencies, and found 3% to be incomplete. At the end of 2018, 0.3% of credit or consumer reporting complaints were pending with the consumer and 0.4% were pending with the Bureau (see Figure 7A, Routing Outcomes).

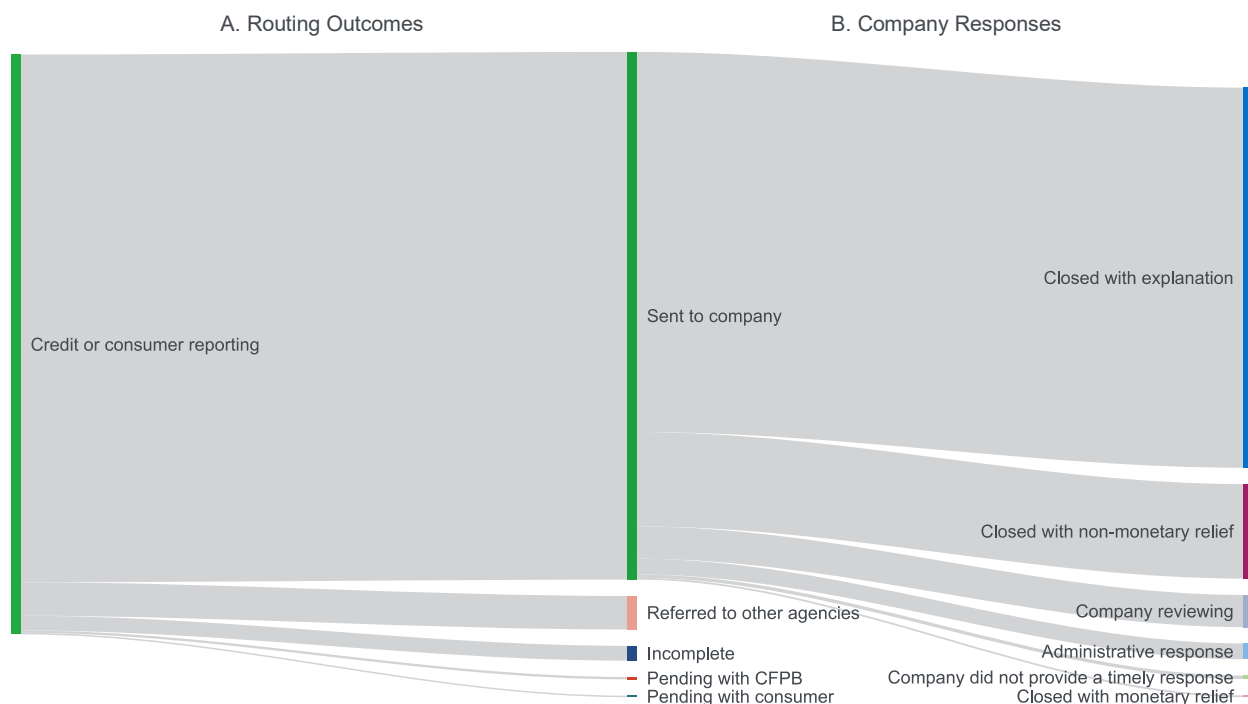
Companies responded to approximately 99% of credit or consumer reporting complaints sent to them for review and response. Companies closed 72% of complaints with an explanation, 18% with non-monetary relief, and 0.3% with monetary relief. Companies used an administrative response for 3% of complaints. At the end of 2018, 6% of complaints were pending review by the company. Companies did not provide a timely response for 1% of complaints (see Figure 7B, Company Responses).

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<sup>15</sup> Complaint data in this report is current as of January 2, 2019. Complaint numbers are rounded throughout the report; therefore, numbers and percentages may not sum to sub-totals or 100%.

<sup>16</sup> The Bureau's online complaint form is dynamic and, therefore, adjusts based on consumer selections. Some issues are not available for certain sub-products (e.g., the issue *unable to get your credit report or credit score* is not available for complaints about other personal consumer reports). A full list of complaint form products, sub-products, issues, and sub-issues is available at [https://files.consumerfinance.gov/f/documents/201704\\_cfpb\\_Consumer\\_Complaint\\_Form\\_Product\\_and\\_Issue\\_Options.pdf](https://files.consumerfinance.gov/f/documents/201704_cfpb_Consumer_Complaint_Form_Product_and_Issue_Options.pdf).

**FIGURE 7: CREDIT OR CONSUMER REPORTING COMPLAINTS BY OUTCOMES**

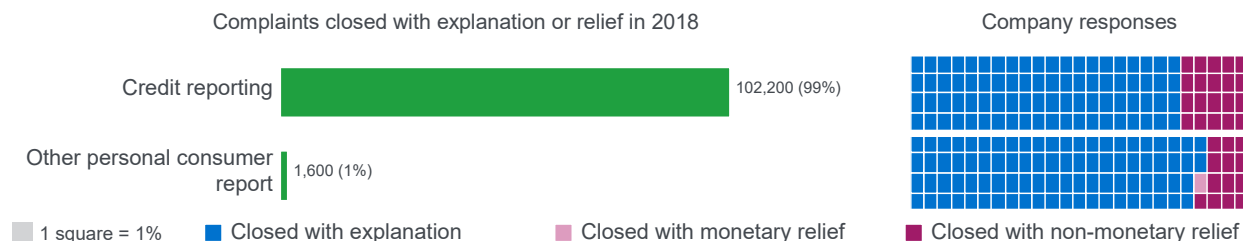


The remainder of this analysis focuses only on those credit or consumer reporting complaints for which the company confirmed a commercial relationship with the consumer and responded with an explanation or relief (i.e., complaints closed with explanation, closed with non-monetary relief, and closed with monetary relief).

When submitting credit or consumer reporting complaints, consumers specify whether they are complaining about a credit report or some other personal consumer report (e.g., background checks, employment screening).<sup>17</sup> In 2018, consumers complained about credit reports more frequently than other personal consumer reports (e.g., background checks, employment screening) by a wide margin (see Figure 8).

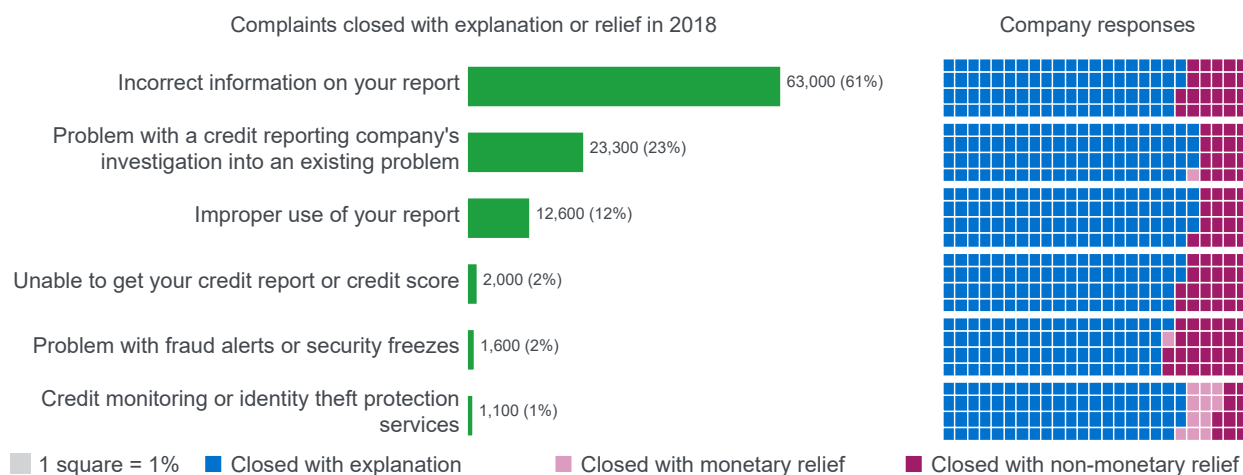
<sup>17</sup> The Bureau publishes an annual list of consumer reporting companies. This list includes the three nationwide credit reporting companies as well as other companies that focus on certain market areas and consumer segments. See Consumer Fin. Prot. Bureau, *List of Consumer Reporting Companies* (Jan. 2019), available at [www.consumerfinance.gov/documents/6138/cfpb\\_consumer-reporting-companies-list.pdf](http://www.consumerfinance.gov/documents/6138/cfpb_consumer-reporting-companies-list.pdf).

**FIGURE 8: CREDIT OR CONSUMER REPORTING COMPLAINTS BY TYPE OF REPORT AND OUTCOMES**



Consumers also identify the issue that best describes the problem they experienced. For credit or consumer reporting complaints, options include: credit monitoring or identity theft protection services; improper use of report; incorrect information on report; problem with a credit reporting company’s investigation into an existing problem; problem with fraud alerts or security freezes; and, unable to get credit report or credit score. In 2018, incorrect information on a report was the most common issue (see Figure 9).

**FIGURE 9: CREDIT OR CONSUMER REPORTING COMPLAINTS BY ISSUES AND OUTCOMES**



Of the approximately 61% of consumers who identified incorrect information on a report as their primary issue, most indicated they did not recognize an account on their report. These complaints often involved consumers indicating they were victims of identity theft. To support their claims, many consumers submitted relevant documentation, such as police reports and identity theft reports. Consumers frequently identified a close relative (e.g., a spouse, ex-spouse, or other related individual) as the person they suspect of opening the accounts in question. Consumer reporting companies frequently indicate that they complete a dispute reinvestigation and some provided suggested next steps for victims of identity theft in their responses.

Other consumers who complained about incorrect information on a report acknowledged the accounts were theirs but disputed specific details, such as the account status or other information (e.g., open date, outstanding balance). Consumer reporting companies generally responded to these complaints by forwarding the substance of the consumer’s dispute to the furnisher of the information for verification.

Approximately 85% of consumers indicated that they previously contacted the consumer reporting company before submitting a credit or consumer reporting complaint (see Section 2, Figure 3), and more than 20% of consumers identified problems with a company’s investigation into an existing issue (see Figure 9). The majority of these consumers sought an additional review of a prior dispute and nearly one in six received relief in response to their complaint. For many of these complaints, consumer reporting companies responded with a summary description of the dispute process and the results of their reinvestigation. Some company responses also provided additional advice, such as the suggestion to contact the original creditor to request documents or dispute the information in question.

As required by the Fair Credit Reporting Act, this report includes information about complaints submitted by consumers about nationwide consumer reporting agencies (NCRAs)<sup>18</sup> and related to incomplete or inaccurate information on their credit report.<sup>19</sup> Of the approximately 126,300 credit or consumer reporting complaints the Bureau received in 2018, consumers submitted approximately 82,300 (65%) complaints about the three NCRAs: Equifax, Experian, and TransUnion.

Nearly 83% of complaints submitted about the NCRAs relate to one of two accuracy issues (i.e., incorrect information on report and problem with a company’s investigation into an existing issue). For these issues, the Bureau asks the NCRAs whether the consumer submitted a previous dispute. The NCRAs responded “yes” 70% of the time.

Tables 2, 3, and 4 provide information about the problems consumers identified when submitting credit or consumer reporting complaints. These tables show that consumers generally complained about the same types of problems, and at similar rates, across all three NCRAs.

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<sup>18</sup> 15 U.S.C. § 1681a(p) (“The term ‘consumer reporting agency that compiles and maintains files on consumers on a nationwide basis’ means a consumer reporting agency that regularly engages in the practice of assembling or evaluating, and maintaining, for the purpose of furnishing consumer reports to third parties bearing on a consumer’s credit worthiness, credit standing, or credit capacity, each of the following regarding consumers residing nationwide: (1) Public record information; (2) Credit account information from persons who furnish that information regularly and in the ordinary course of business.”)

<sup>19</sup> *Id.* § 1681i(e).

**TABLE 2:** COMPLAINTS SUBMITTED ABOUT NATIONWIDE CONSUMER REPORTING AGENCIES WITH A CLOSURE RESPONSE AND ISSUES RELATED TO ACCURACY

	Equifax	Experian	TransUnion
Incorrect information on your report	16,100	16,800	16,600
Problem with a company's investigation into an existing issue	5,900	6,400	6,100

The majority of complaints submitted about NCRAs related to (1) accuracy issues, or (2) problems with the process of investigating disputes of accuracy by consumers. The breakdown of accuracy-related complaints is similar among the NCRAs (see Table 3).

**TABLE 3:** SUB-ISSUE PERCENTAGES FOR *INCORRECT INFORMATION ON YOUR REPORT*

	Equifax	Experian	TransUnion
Information belongs to someone else	52%	50%	50%
Account status incorrect	17%	18%	18%
Account information incorrect	15%	16%	16%
Personal information incorrect	6%	6%	5%
Public record information inaccurate	4%	4%	5%
Old information reappears or never goes away	4%	4%	4%
Information is missing that should be on the report	2%	2%	2%
Information is incorrect	0.2%	0.1%	0.2%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

The breakdown of investigation-related complaints issues is also similar among the NCRAs (see Table 4).

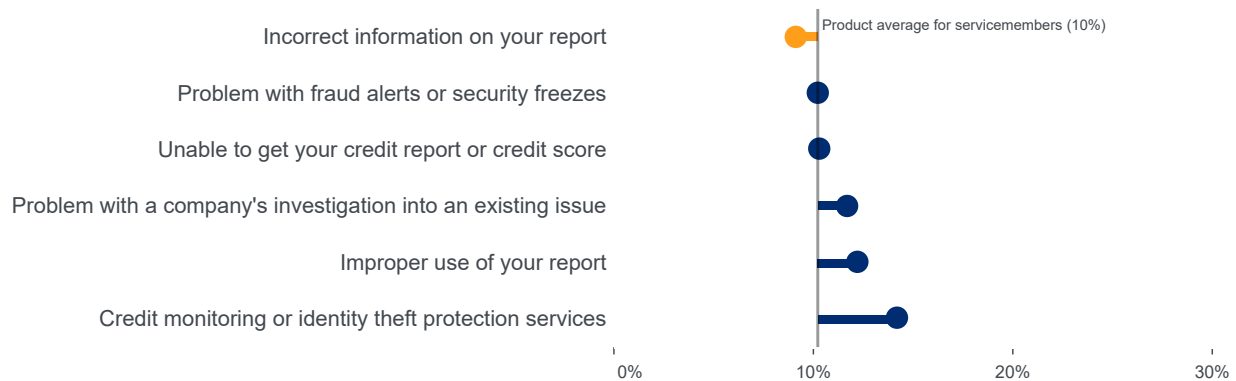
**TABLE 4:** SUB-ISSUE PERCENTAGES FOR *PROBLEM WITH A CREDIT REPORTING COMPANY'S INVESTIGATION INTO AN EXISTING ISSUE*

	Equifax	Experian	TransUnion
Their investigation did not fix an error on your report	73%	76%	72%
Investigation took more than 30 days	8%	7%	9%
Difficulty submitting a dispute or getting information about a dispute over the phone	8%	7%	8%
Was not notified of investigation status or results	7%	6%	6%
Problem with personal statement of dispute	4%	5%	4%
<b>Total</b>	100%	100%	100%

Credit or consumer reporting complaints were the most complained about product by servicemembers (see Section 2, Figure 5). Servicemembers rely on accurate credit reporting to maintain security clearances, which can be adversely impacted by a history of failing to meet their financial obligations, being in excessive debt, or having a high debt-to-income ratio.<sup>20</sup> On average, servicemembers submitted approximately 10% of credit or consumer reporting complaints, with a greater percentage complaining about issues relating to active credit monitoring (e.g., issues with prior investigations or with credit monitoring) (see Figure 10).

<sup>20</sup> See Consumer Fin. Prot. Bureau, *WARNO: New security clearance guidelines make it more important than ever for servicemembers to monitor their credit* (Aug. 20, 2018), available at <https://www.consumerfinance.gov/about-us/blog/warno-new-security-clearance-guidelines-make-it-more-important-ever-servicemembers-monitor-their-credit>.

**FIGURE 10: SERVICEMEMBER ISSUE RATE COMPARED TO PERCENTAGE OF CREDIT REPORTING COMPLAINTS SUBMITTED BY SERVICEMEMBERS**



Complaints submitted by older consumers were less likely to be about credit or consumer reporting when compared to consumers under 62 years old. Approximately 21% of complaints submitted by older consumers were credit or consumer reporting complaints, compared to 37% submitted by consumers under 62 years old (see Section 2, Figure 6).

Older consumers complained about different consumer reporting issues than consumers under 62 years old. Older consumers comprised approximately 8% of credit or consumer reporting complaints (see Figure 11) and tended to raise issues about monitoring their credit. For example, older consumers submitted over 20% of complaints about problems with fraud alerts or security freezes, and 15% of complaints about getting a report or score and credit monitoring services. In contrast, older consumers submitted approximately 6% of complaints about improper use of their report. This overall lower rate of complaints related to credit inquiries might be explained, among other things, by fewer debts held and sought by older consumers.<sup>21</sup>

Older consumers reported problems when attempting to access their free annual report online. Often they complained to the Bureau that NCRAs were not able to authenticate their identity online, requiring these consumers to mail sensitive personal information to the credit reporting company in order to receive their report.

<sup>21</sup> See e.g., Consumer Fin. Prot. Bureau, *Financial Well-being of Older Americans* at 17, available at [https://www.consumerfinance.gov/documents/7041/bcfp\\_financial-well-being-older-americans\\_report.pdf](https://www.consumerfinance.gov/documents/7041/bcfp_financial-well-being-older-americans_report.pdf) (“many older adults, compared to their younger counterparts, have lower amounts of and fewer debts”). See also Federal Reserve Board, *2016 SCF Chartbook* (Oct. 2017), at 837-939 available at <https://www.federalreserve.gov/econres/files/BulletinCharts.pdf>, and Consumer Fin. Prot. Bureau, *Consumer Lending Trends by Age*, available at [https://www.consumerfinance.gov/data-research/consumer-credit-trends/mortgages/lending-borrower-age/#anchor\\_lending-levels](https://www.consumerfinance.gov/data-research/consumer-credit-trends/mortgages/lending-borrower-age/#anchor_lending-levels).



**FIGURE 11: OLDER CONSUMER ISSUE RATE COMPARED TO PERCENTAGE OF CREDIT REPORTING COMPLAINTS SUBMITTED BY OLDER CONSUMERS**



## 4.2 Debt collection

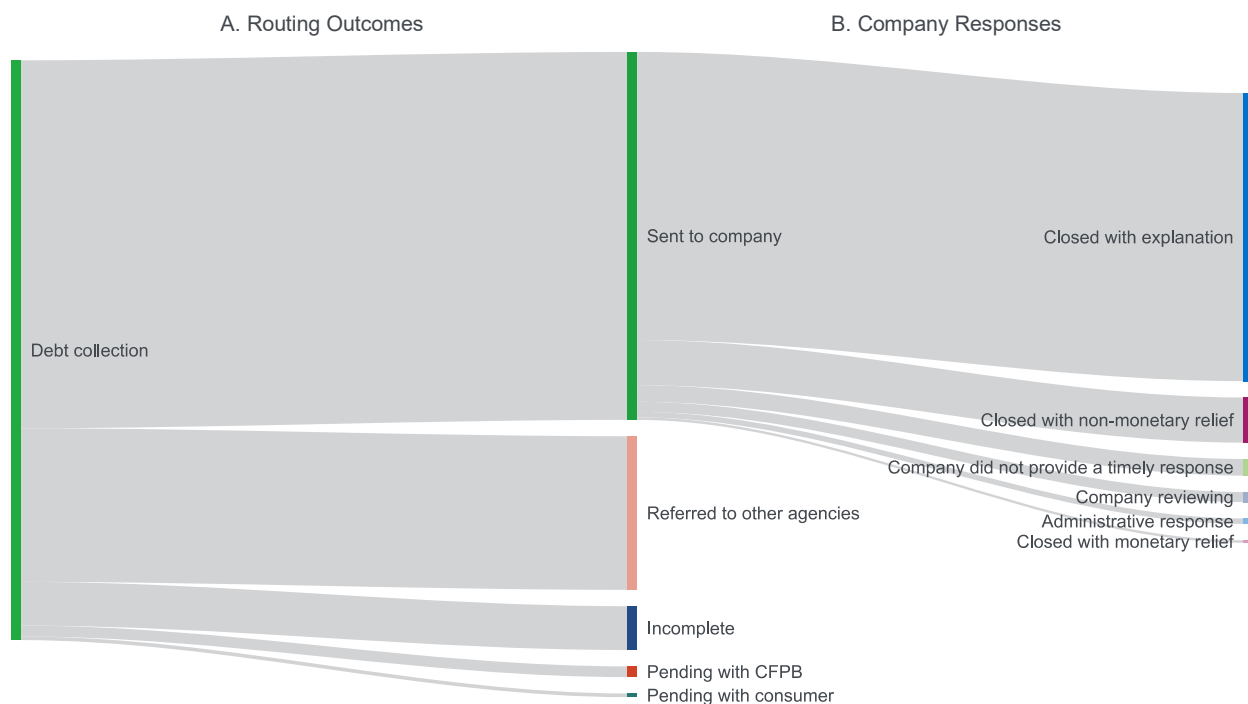
The Bureau received approximately 81,500 debt collection complaints in 2018. The Bureau sent approximately 51,700 (or 63%) of these complaints to companies for review and response, referred 27% to other regulatory agencies, and found 8% to be incomplete. At the end of 2018, 1% of debt collection complaints were pending with the consumer and 2% were pending with the Bureau (see Figure 12A, Routing Outcomes).

Consumers can submit complaints about creditors collecting their own debts (i.e., first-party collectors) or companies collecting debt on behalf of others, such as creditors or businesses (i.e., third-party collectors).<sup>22</sup> When the Bureau received debt collection complaints about companies where it was not the primary federal regulator (e.g., a mobile phone or Internet service provider), it referred the complaints to other regulatory agencies—most often, the Federal Trade Commission (FTC).

Companies responded to approximately 95% of debt collection complaints sent to them for review and response. Companies closed 78% of complaints with an explanation, 12% with non-monetary relief, and 1% with monetary relief. Companies used an administrative response for 1% of complaints. At the end of 2018, 3% of complaints were pending review by the company. Companies did not provide a timely response for 5% of complaints (see Figure 12B, Company Responses).

<sup>22</sup> See Consumer Fin. Prot. Bureau, Fair Debt Collection Practices Act (Mar. 2019) (“Debt collection is a \$11.5 billion industry that employs nearly 118,500 people across approximately 7,700 collection agencies in the United States. ... According to the Bureau’s Consumer Credit Panel, about 28 percent of consumers with a credit file have a third-party collection trade line listed.”) (citations omitted).

**FIGURE 12: DEBT COLLECTION COMPLAINTS BY OUTCOMES**



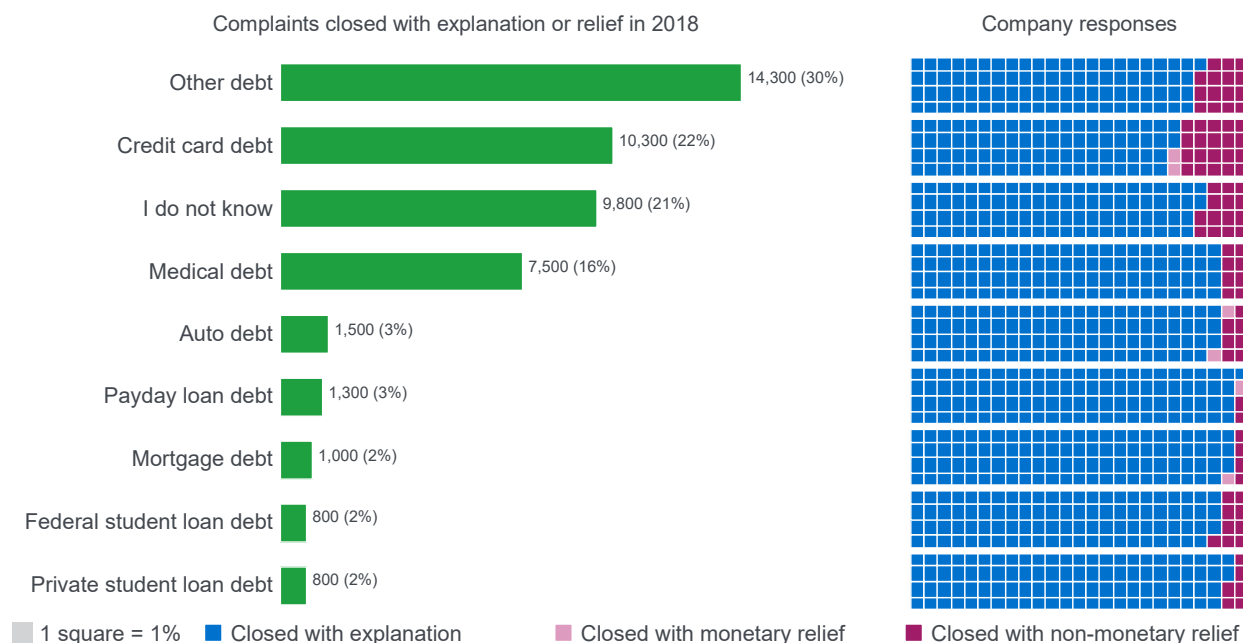
The remainder of this analysis focuses only on those debt collection complaints for which the company confirmed a commercial relationship with the consumer and responded with an explanation or relief (i.e., complaints closed with explanation, closed with non-monetary relief, and closed with monetary relief).

When submitting debt collection complaints, consumers specify the type of debt. Options include: auto debt, credit card debt, federal student loan debt, medical debt, mortgage debt, payday loan debt, private student loan debt, “other” debt (e.g., phone bill, health club membership, utilities), and debt that is not known.<sup>23</sup> In 2018, “other” debt and credit card debt were the most complained about debt types (see Figure 13). As more than 47 million credit reports included at least one telecommunications item between 2013 and 2018—the vast majority of which were related to collections—it is not surprising that telecommunications debt is common within the “other” debt type.<sup>24</sup>

<sup>23</sup> The Bureau’s complaint form requires consumers to select the type of debt from a list of options, including *I don’t know*.

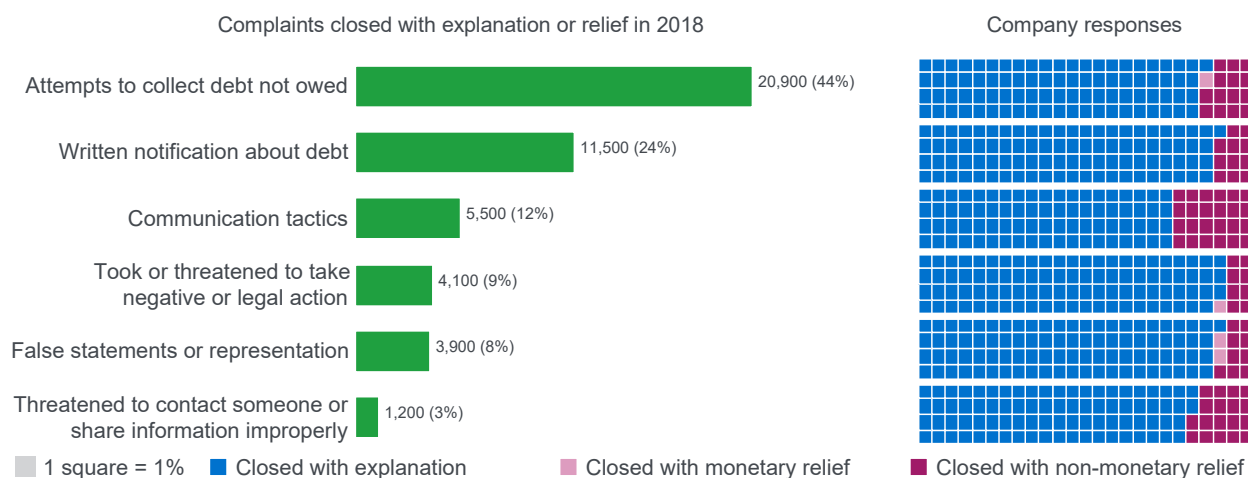
<sup>24</sup> See Consumer Fin. Prot. Bureau, *Quarterly Consumer Credit Trends: Collection of Telecommunications Debt* (Aug. 2018), available at [https://www.consumerfinance.gov/documents/6716/bcfp\\_consumer-credit-trends\\_collection-telecommunications-debt\\_082018.pdf](https://www.consumerfinance.gov/documents/6716/bcfp_consumer-credit-trends_collection-telecommunications-debt_082018.pdf).

**FIGURE 13: DEBT COLLECTION COMPLAINTS BY TYPE OF DEBT AND OUTCOMES**



Consumers also identify the issue that best describes the problem they experienced. For debt collection complaints, options include: attempts to collect debt not owed; communication tactics; false statements or representation; threatened to contact someone or share information improperly; took or threatened to take negative or legal action; and, written notification about debt. In 2018, the most common issue concerned attempts to collect debt not owed (see Figure 14).

**FIGURE 14: DEBT COLLECTION COMPLAINTS BY ISSUES AND OUTCOMES**



Consumers who submitted complaints about attempts to collect a debt not owed referenced a number of reasons why they thought they did not owe the debt. For example, consumers stated the purported debt was discharged in bankruptcy, was already paid, or was the result of identity theft. Most often, however, consumers claimed the debt did not belong to them. These consumers described third-party collectors attempting to collect debts related to financial products (e.g., credit cards, vehicle debt, and payday loans), and consumer products and services (e.g., mobile services, Internet, cable, and medical). In response to these complaints, collectors often reported closing the account and discontinuing collection attempts, or providing additional information to consumers about the debt purportedly owed.

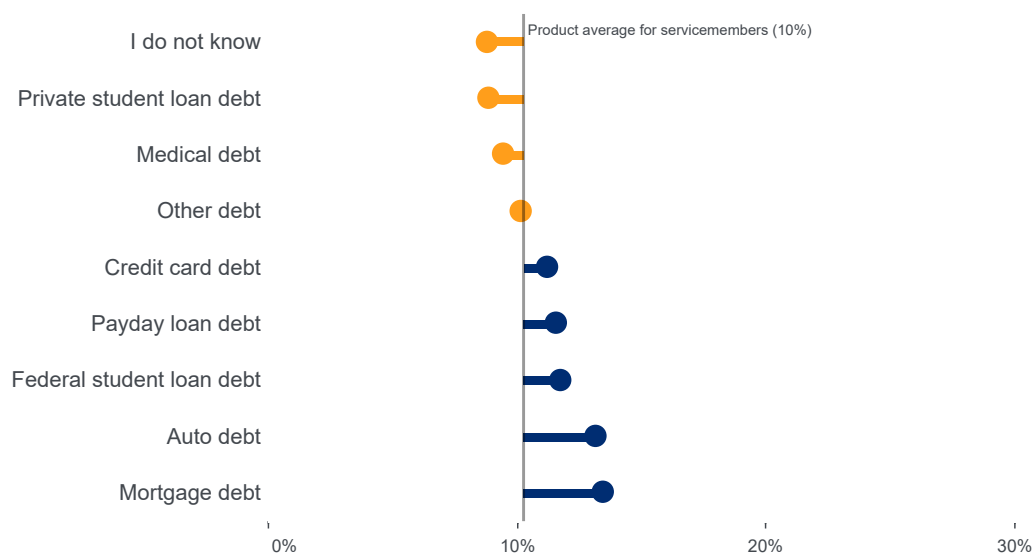
Approximately 24% of debt collection complaints were about issues regarding written notifications about a debt. In these complaints, consumers most frequently indicated that the collector did not provide enough information to verify the debt. Some consumers reported requesting more information from collectors; however, they reported not receiving details or documents to support the collection. Other consumers described not learning of the debt until they obtained their credit report. In response to these complaints, collectors often provided documents to support their collection efforts, or reported discontinuing collection and closing the account. When collectors reported discontinuing collection, they often stated they would take steps to remove negative information from a consumer's credit report.

Consumers who submitted complaints about communication tactics most often identified issues related to frequent or repeated calls. These consumers typically described one of two patterns: collectors who made repeated calls in short periods, and collectors who made repeated calls over longer time periods. Consumers who complained about repeated calls in a short period described collectors placing successive calls on the same day and, oftentimes, within minutes of the preceding call. Consumers who complained about repeated calls over a long period describe situations where collectors do not place successive calls on the same day, but rather place a consistent number of calls over weeks, months, or even years. In response to these complaints, companies reported discontinuing calling the consumer and placing the consumer on the company's do not call list.

In their debt collection complaints, consumers often raised contemporaneous credit reporting concerns. Consumers reported that debt collectors use the threat of negative credit reporting—and the potential for a drop in credit scores—as a way to compel payment. Collectors frequently responded to these complaints by stating that they have an obligation to report accurate information to consumer reporting companies and the information reported is accurate.

For servicemembers, debt collection continues to be an area of concern.<sup>25</sup> On average, servicemembers comprised approximately 10% of debt collection complaints (see Figure 15). Servicemembers comprised approximately 13% of debt collection complaints about mortgage and auto debt, but only approximately 9% of debt collection complaints about medical debt and private student loan debt. These differences may reflect differences in overall rate of ownership of the underlying debt, and not necessarily differences in the rates at which they complain. For example, veterans are entitled to health care through the Veteran’s Health Administration, which may explain the relatively lower rate of medical debt and resulting complaints.<sup>26</sup>

**FIGURE 15:** SERVICEMEMBER RATE OF DEBT TYPES COMPARED TO PERCENTAGE OF DEBT COLLECTION COMPLAINTS SUBMITTED BY SERVICEMEMBERS



Although servicemembers comprised 10% of debt collection complaints, they comprised approximately 14% of debt collection complaints about collectors taking or threatening negative or legal action (see Figure 16).<sup>27</sup> These complaints frequently involved attempts to take funds

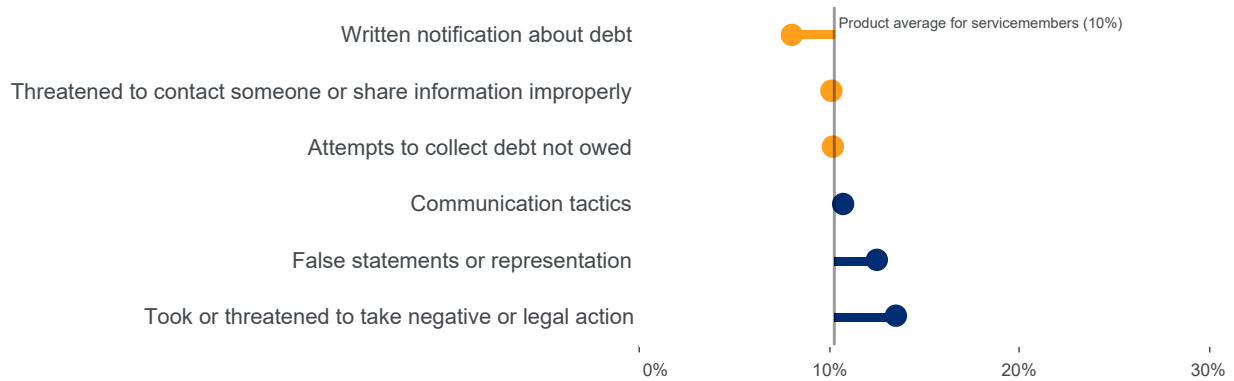
<sup>25</sup> See Consumer Fin. Prot. Bureau, *Office of Servicemember Affairs Annual Report* (Jan. 2019), available at [https://www.consumerfinance.gov/documents/7208/cfpb\\_osa\\_annual-report\\_2018.pdf](https://www.consumerfinance.gov/documents/7208/cfpb_osa_annual-report_2018.pdf) (The Bureau’s Office of Servicemember Affairs noted medical debt and telecommunications debt as emerging issues and continuing trends in the financial marketplace for consumers.)

<sup>26</sup> *Id.* The most recent annual report for the Office of Servicemember Affairs includes a discussion of the increasing occurrence of medical debt for servicemembers because of policy changes that result in servicemembers using civilian medical facilities.

<sup>27</sup> See *id.* at p. 26 (“While the top debt collection issues are similar for servicemembers and non-servicemembers, servicemembers are more likely to complain about a debt collector taking or threatening to take legal action against them. The [Bureau’s Office of Servicemember Affairs] has previously documented debt collectors inappropriately threatening servicemembers with Uniform Code of Military Justice (UCMJ) action in previous complaint reports.”).

that the servicemembers thought were protected from collection, such as disability payments, and attempts to seize property.

**FIGURE 16: SERVICEMEMBER ISSUE RATE COMPARED TO PERCENTAGE OF DEBT COLLECTION COMPLAINTS SUBMITTED BY SERVICEMEMBERS**

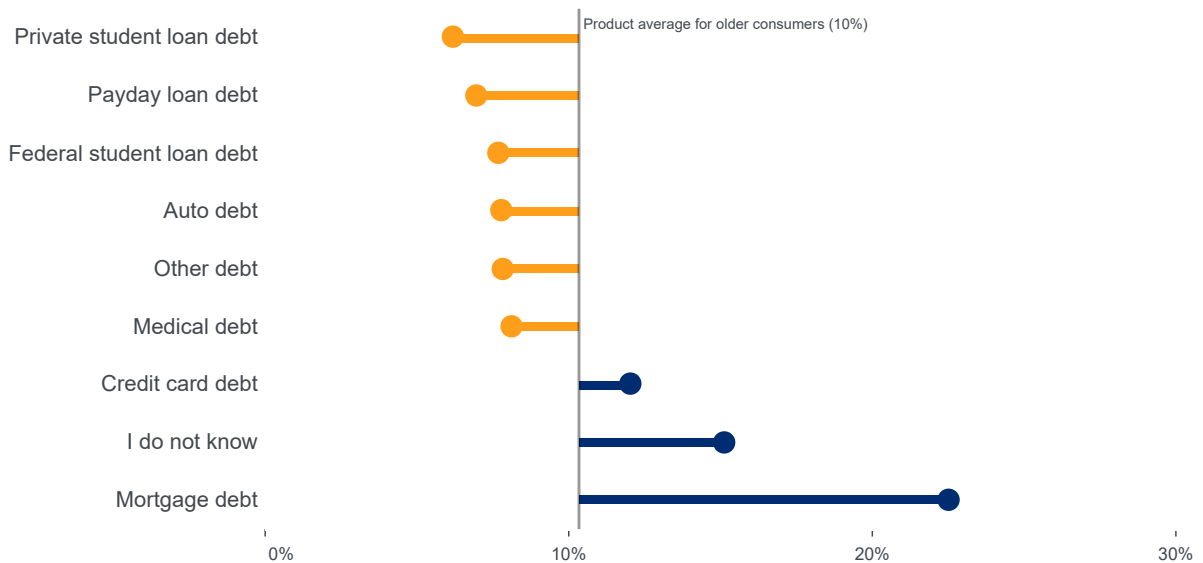


By contrast, debt collection comprised a smaller percentage of complaints for older consumers than for consumers under 62 years old. Approximately 23% of complaints submitted by older consumers were debt collection complaints, compared to 26% submitted by consumers under 62 (see Section 2, Figure 6).

Older consumers comprised approximately 10% of debt collection complaints (see Figure 17), but over 22% of debt collection complaints about mortgage. This is consistent with higher homeownership rates among older consumers, when compared with consumers under the age of 62 years old.<sup>28</sup>

<sup>28</sup> See U.S. Census Bureau, *Quarterly Residential Vacancies and Homeownership 3rd quarter 2018* (Oct. 2018), available at <https://www.census.gov/housing/hvs/files/currenthvspress.pdf> (“The third quarter 2018 homeownership rate was highest for those householders ages 65 years and over (78.6 percent) and lowest for those householders under 35 years of age (36.8 percent).”).

**FIGURE 17: OLDER CONSUMER RATE OF DEBT TYPES COMPARED TO PERCENTAGE OF DEBT COLLECTION COMPLAINTS SUBMITTED BY OLDER CONSUMERS**

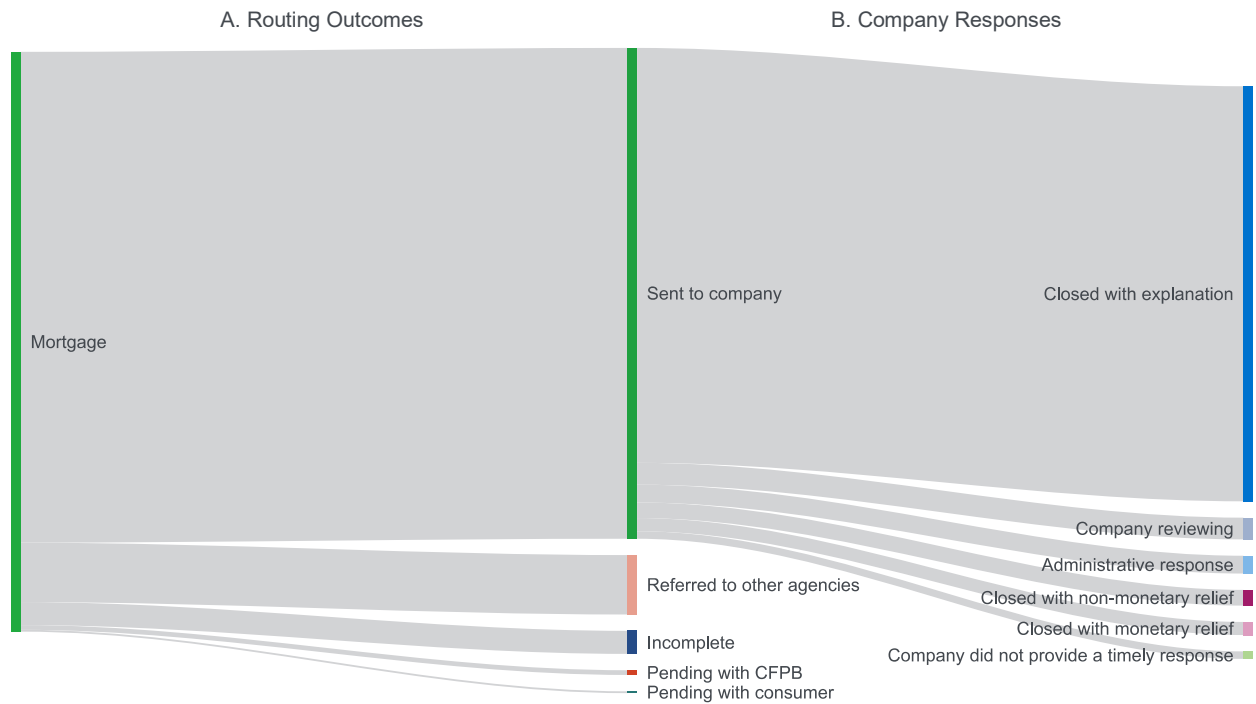


## 4.3 Mortgages

The Bureau received approximately 30,100 mortgage complaints in 2018. The Bureau sent approximately 25,500 (or 85%) of these complaints to companies for review and response, referred 10% to other regulatory agencies, and found 4% to be incomplete. At the end of 2018, 0.3% of mortgage complaints were pending with the consumer and 1% were pending with the Bureau (see Figure 18A, Routing Outcomes).

Companies responded to approximately 98% of mortgage complaints sent to them for review and response. Companies closed 85% of complaints with an explanation, 3% with monetary relief, and 3% with non-monetary relief. Companies used an administrative response for 4% of complaints. At the end of 2018, 4% of complaints were pending review by the company. Companies did not provide a timely response for 2% of complaints (see Figure 18B, Company Responses).

**FIGURE 18: MORTGAGE COMPLAINTS BY OUTCOMES**

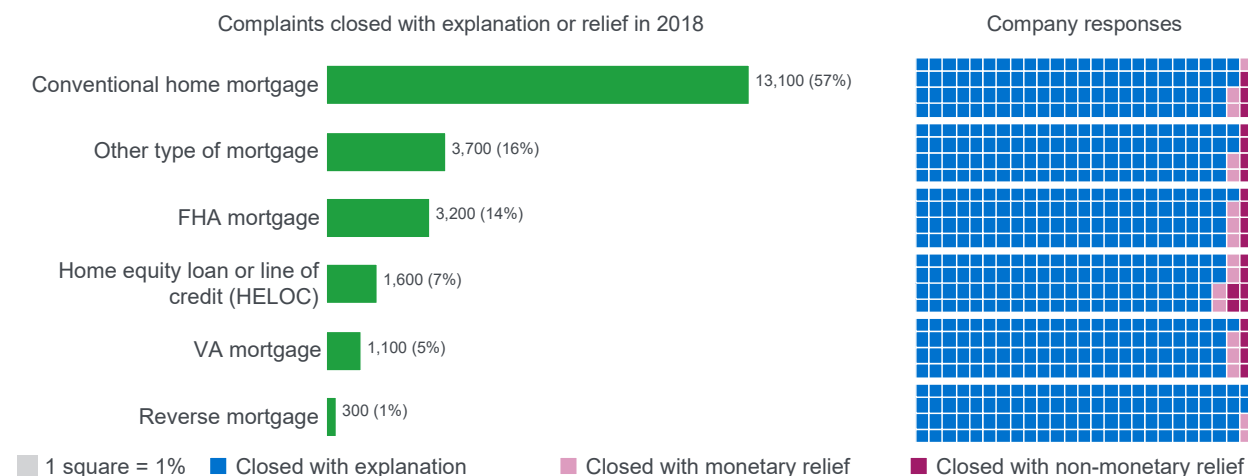


The remainder of this analysis focuses only on those mortgage complaints for which the company confirmed a commercial relationship with the consumer and responded with an explanation or relief (i.e., complaints closed with explanation, closed with non-monetary relief, and closed with monetary relief).

When submitting mortgage complaints, consumers specify the type of mortgage. Options include: conventional home mortgage, Federal Housing Administration (FHA) mortgage, home equity loan or line of credit (HELOC), reverse mortgage, Veterans Administration (VA) mortgage, and other types of mortgages. In 2018, conventional home mortgages were the most complained about mortgage type (see Figure 19).



**FIGURE 19: MORTGAGE COMPLAINTS BY TYPE AND OUTCOMES**

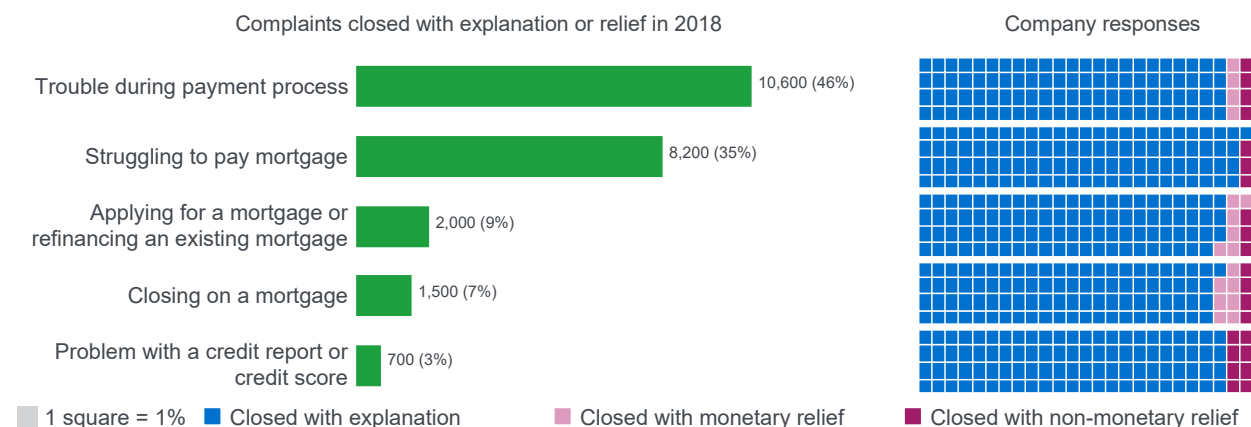


Consumers also identify the issue that best describes the problem they experienced. For mortgage complaints, options include: applying for a mortgage or refinancing an existing mortgage; closing on a mortgage; problem with a credit or consumer report; struggling to pay mortgage; and, trouble during payment process. In 2018, trouble during payment process was the most common issue (see Figure 20).

In the fourth quarter of 2018, approximately \$9.5 trillion in existing mortgage debt was outstanding. Over the course of 2018, more than \$1.7 trillion in new loans were originated and about 1% of outstanding balances transitioned into delinquency per quarter.<sup>29</sup> By contrast, consumers who complained about struggling to pay their mortgage submitted 35% of mortgage complaints. This suggests that consumers are more likely to submit complaints when their loans enter delinquency or are at risk of entering delinquency.

<sup>29</sup> See Federal Reserve Bank of N.Y., *Quarterly Report on Household Debt and Credit (Q4 2018)* (February 2019), available at [https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/xls/HHD\\_C\\_Report\\_2018Q4.xlsx](https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/xls/HHD_C_Report_2018Q4.xlsx).

**FIGURE 20: MORTGAGE COMPLAINTS BY ISSUES AND OUTCOMES**



Of the approximately 46% of consumers with complaints about trouble during the payment process, most consumers identified problems regarding escrow accounts, missing payments, and fees assessed on their accounts. For example, consumers described receiving escrow account analyses with increased monthly payments, but these consumers were unaware of increases to their homeowner insurance, taxes, or both. In response to these complaints, mortgage servicers often provided a written explanation to the consumer that included calculations of annual taxes and insurance. When an escrow analysis reflected a shortfall, some servicers stated that the Real Estate Settlement Procedures Act (RESPA) authorizes a maximum escrow cushion not to exceed one-sixth of the total annual projected escrow disbursements made during an escrow cycle over twelve months (up to two months), unless state laws allow for a lesser amount.<sup>30</sup>

When consumers raised issues about missing payments, the missing payments frequently coincided with the servicing transfer of the loan. Although some consumers described providing bank records and other documentation to prove they remitted payment, they expressed ongoing concerns about negative credit reporting and late fees when the servicer did not resolve the issue quickly. In response to these concerns, mortgage servicers sometimes provided a payment history of the loan account, including payment histories from prior servicers. Some servicers explained there were delays in onboarding and recording payments received by the prior servicer. These explanations often included the steps the servicer was taking to update the account, including updating credit reporting and assessed late fees.

Consumers with complaints about struggling to pay their mortgage often cited concerns involving loss mitigation assistance. These consumers raised a variety of issues ranging from

<sup>30</sup> Reg. X § 1024.17(c)(5).

repeated requests for documentation to delays in the review of their loss mitigation application. Some consumers claimed that the servicer denied the loss mitigation application for incorrect reasons. In response to these concerns, servicers often provided explanations for their document requests and delays. Frequently, servicers stated they could not approve loans for loss mitigation assistance because of investor guidelines.

In complaints about applying for a mortgage or refinancing an existing mortgage, consumers often raised issues about interest rate locks. Some consumers expressed confusion about the rate lock process. Other consumers described delays in their loan processing, which led to the expiration of their rate lock. In response to these complaints, lenders frequently stated the consumer was untimely in extending the rate lock or never had a formal rate lock agreement in place.

For both servicemembers and older consumers, mortgages comprised a greater percentage of their complaints than for other consumers. Approximately 19% of complaints submitted by older consumers were mortgage complaints, compared to only 7% submitted by consumers under 62 years old (see Section 2, Figure 6). This is consistent with higher homeownership rates among older consumers than their younger counterparts.<sup>31</sup> For servicemembers, the differences are smaller, with 10% of servicemember complaints about mortgages compared to 9% of non-servicemember complaints (see Section 2, Figure 5).

More than 86% of consumers who submit complaints about reverse mortgages identified as an older consumer, which is consistent with eligibility requirements limiting reverse mortgages to homeowners who are at least 62 years old (see Figure 21).<sup>32</sup> Less than 14% of consumers who submit complaints about FHA mortgages identified as an older consumer. This is also consistent with FHA loans being popular mortgage products among first-time homebuyers. Perhaps more notably, older consumers were more likely to describe issues with home equity loans and lines of credit.<sup>33</sup>

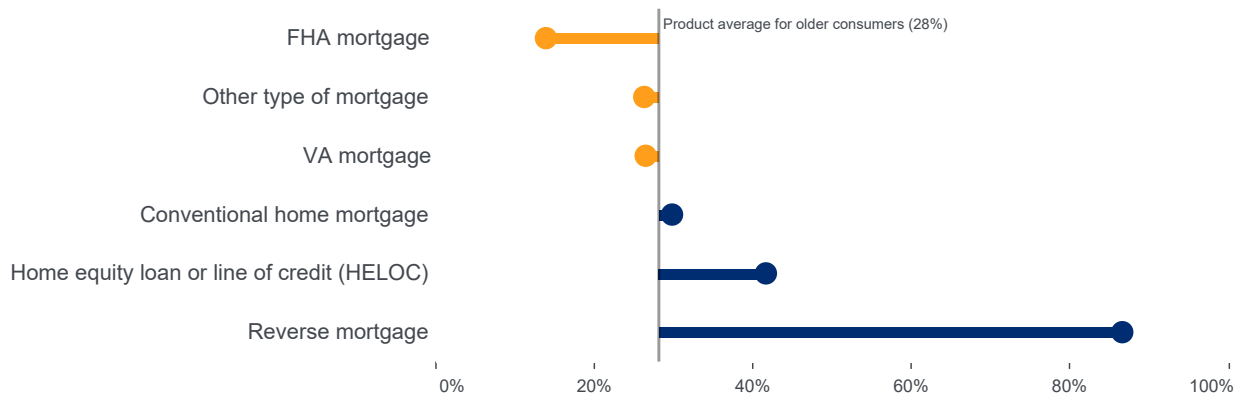
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<sup>31</sup> U.S. Census Bureau, *supra* note 28 (Americans over the age of 65 have a homeownership rate of over 78%, compared to less than 37% for Americans under 35).

<sup>32</sup> 24 CFR § 206.33.

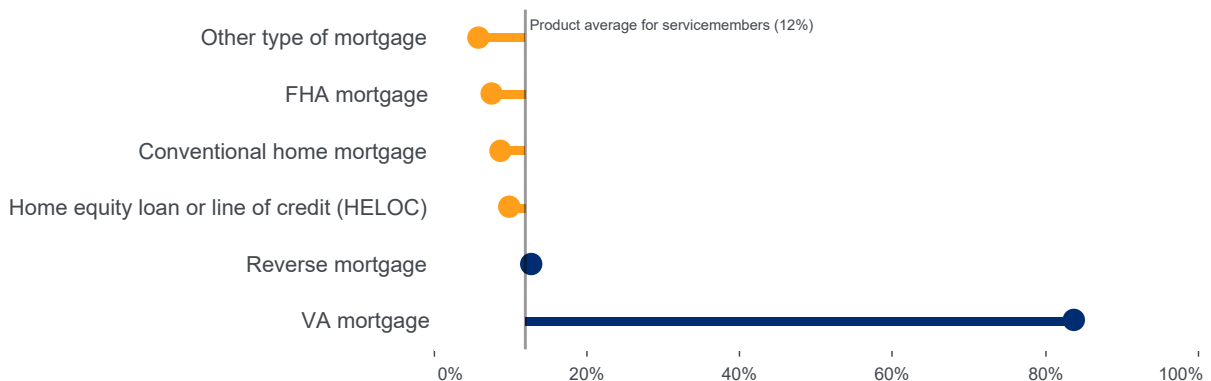
<sup>33</sup> One potential explanation for this difference is that older consumers are more likely to have older loans. Because home equity loan originations have declined relative to their peak, remaining complaints about them tend to be from older vintage loans and are therefore more likely to come from older consumers. See Federal Reserve Bank of St. Louis, *Real Estate Loans: Revolving Home Equity Loans*, available at <https://fred.stlouisfed.org/series/RHEACBW027NBOG>.

**FIGURE 21: OLDER CONSUMER RATE OF MORTGAGE COMPLAINT TYPES COMPARED TO PERCENTAGE OF MORTGAGE COMPLAINTS SUBMITTED BY OLDER CONSUMERS**



Approximately 84% of consumers who submit complaints about VA mortgages identified as a servicemember (see Figure 22).<sup>34</sup> Complaints about VA mortgages comprised over a third of mortgage complaints submitted by servicemembers, suggesting that the rate at which servicemembers utilize the VA mortgage program is high.<sup>35</sup>

**FIGURE 22: SERVICEMEMBER RATE OF MORTGAGE COMPLAINT TYPES COMPARED TO PERCENTAGE OF MORTGAGE COMPLAINTS SUBMITTED BY SERVICEMEMBERS**



<sup>34</sup> VA mortgage eligibility is limited to servicemembers. As with age, servicemember status is an optional field. For some intake channels, this field is not available (e.g., a consumer who mails a complaint may not reference their servicemembers status). The 16% of VA loan complaints that come from non-servicemembers may include some servicemembers who simply declined to provide their servicemember status or did not have an opportunity to do so.

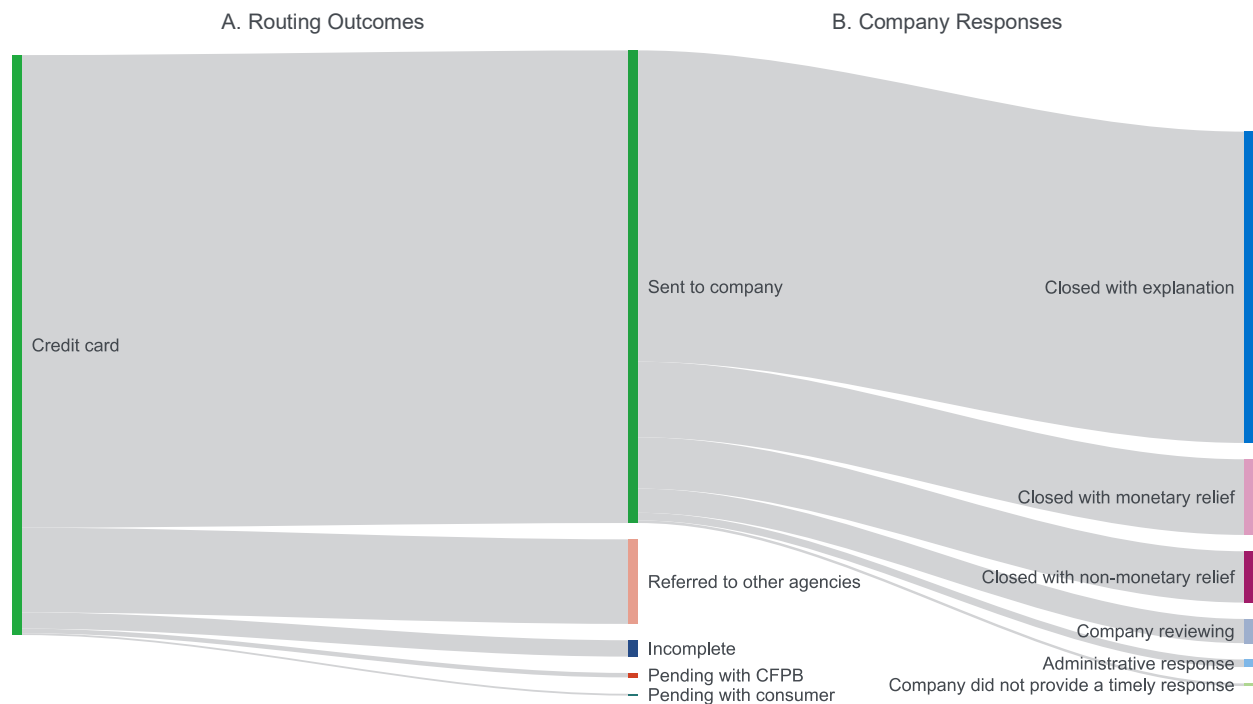
<sup>35</sup> In 2018, according to VA Lender Loan Volume Reports, the VA guaranteed over 610,000 VA loans. See U.S. Department of Veterans Affairs, FY 2018 Lender Loan Volume, *available at* [https://www.benefits.va.gov/HOMELOANS/documents/docs/2018\\_lender\\_loan\\_volume.xlsx](https://www.benefits.va.gov/HOMELOANS/documents/docs/2018_lender_loan_volume.xlsx).

## 4.4 Credit cards

The Bureau received approximately 28,700 credit card complaints in 2018.<sup>36</sup> The Bureau sent approximately 23,400 (or 82%) of these complaints to companies for review and response, referred 15% to other regulatory agencies, and found 3% to be incomplete. At the end of 2018, 0.3% of credit card complaints were pending with the consumer and 1% were pending with the Bureau (see Figure 23A, Routing Outcomes).

Companies responded to approximately 99% of credit card complaints sent to them for review and response. Companies closed 66% of complaints with an explanation, 16% with monetary relief, and 11% with non-monetary relief. Companies used an administrative response for 2% of complaints. At the end of 2018, 5% of complaints were pending review by the company. Companies did not provide a timely response for 1% of complaints (see Figure 23B, Company Responses).

**FIGURE 23: CREDIT CARD COMPLAINTS BY OUTCOMES**



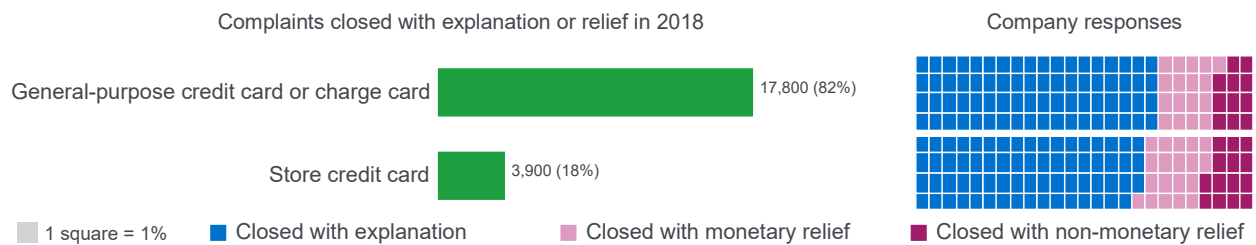
<sup>36</sup> See Federal Reserve Bank of N.Y., *supra* note 29 (According to Federal Reserve data, as of the fourth quarter 2018, nearly 480 million general-purpose credit card accounts exist). Additionally, a recent estimate from the Bureau's 2017 consumer credit market study suggests that nearly 170 million consumers have at least one credit card. See Consumer Fin. Prot. Bureau, *The Consumer Credit Card Market* (December 2017), available at [https://files.consumerfinance.gov/f/documents/cfpb\\_consumer-credit-card-market-report\\_2017.pdf](https://files.consumerfinance.gov/f/documents/cfpb_consumer-credit-card-market-report_2017.pdf).

The remainder of this analysis focuses only on those credit card complaints for which the company confirmed a commercial relationship with the consumer and responded with an explanation or relief (i.e., complaints closed with explanation, closed with non-monetary relief, and closed with monetary relief).

When submitting credit card complaints, consumers specify whether they are complaining about a general-purpose credit card (or charge card) or a store credit card. In 2018, consumers complained about general-purpose credit cards more frequently than store credit cards (see Figure 24).

Combined credit card balances reached a total of \$870 billion in the fourth quarter of 2018. According to the Bureau’s most recent report on the credit card market, at the beginning of 2017, private label (store) credit cards comprised approximately 6% of total transaction volume, nearly 11% of outstanding balances, and more than 33% of all open accounts. Consumers submitted complaints about all aspects of the credit card lifecycle (i.e., opening accounts, transacting, and repaying); therefore, the 18% of complaints about store credit card complaints is in line with these market estimates.<sup>37</sup>

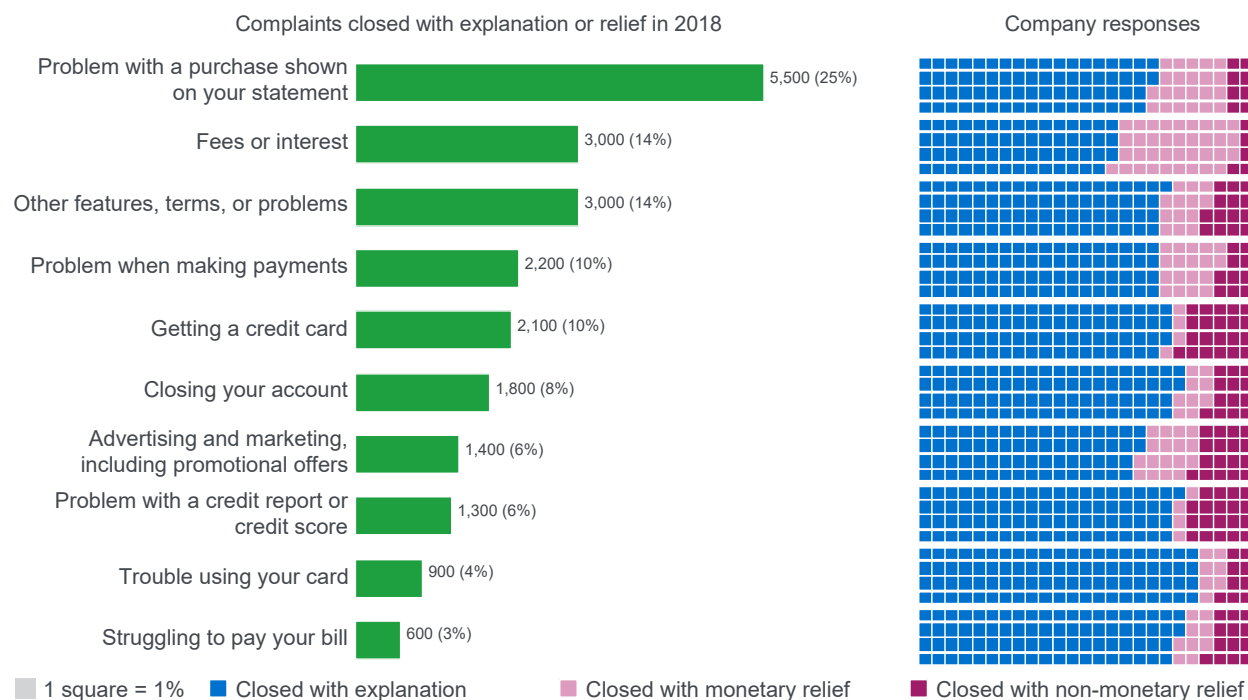
**FIGURE 24: CREDIT CARD COMPLAINTS BY TYPE AND OUTCOMES**



Consumers also identify the issue that best describes the problem they experienced. For credit card complaints, options include: advertising and marketing, including promotional offers; closing credit card account; fees or interest; getting a credit card; other features, terms, or problems; problem when making payments; problem with a credit report or credit score; problem with a purchase shown on a statement; trouble using card; and, struggling to pay bill. In 2018, a problem with a purchase shown on a statement was the most common issue (see Figure 25).

<sup>37</sup> See *id.*

**FIGURE 25: CREDIT CARD COMPLAINTS BY ISSUES AND OUTCOMES**



Of the approximately 25% of consumers who identified a problem with a purchase shown on a statement, most discussed an ongoing dispute with their credit card company. Approximately 92% percent of consumers claimed to have previously contacted the credit card company before submitting a complaint (see Section 2, Figure 3). Consumers described difficulties in disputing transactions they claimed they did not initiate. Consumers also described difficulties in disputing charges of products and services they either did not receive or that did not meet expectations. In response to these complaints, credit card companies often explained the investigative process for a dispute and explained their decision. In some instances, credit card companies reported resolving the dispute in favor of consumers and crediting the amount of the disputed transaction.

Consumers who submitted complaints about fees or interest frequently raised concerns about late fees, promotional interest rates, and the computation of interest. Consumers who raised concerns about late fees described a number of different situations that resulted in a late fee. For example, some consumers described submitting payment on the day payment was due, but the credit card company did not credit the payment until the next day. Some consumers reported being unable to submit a timely payment because of problems with technology, including inaccessible account websites and unsuccessful automatic payments. Some consumers described late fees and interest charges on accounts they thought they had closed. In response to these complaints, credit card companies often credited the consumer some money—explaining the credit was a courtesy.

Consumers who identified issues about interest calculations frequently expressed disagreement with the interest charged after paying a statement balance in full. These consumers were surprised to receive a subsequent account statement with residual interest from their purchases. In response, credit card companies stated that they charge interest from the date of the billing statement through the date consumers submit payment. Similar to late fees, some credit card companies reported providing a statement credit as a courtesy.

Consumers reported issues related to credit card reward programs. Some consumers claimed that credit card companies denied reward benefits after they met program requirements. In response, credit card companies sometimes asserted that these consumers had not met all of the requirements and detailed specific criteria to gain access to benefits. Some consumers claimed that credit card companies had not previously disclosed such requirements, or had done so in a confusing manner.

Approximately 15% of complaints submitted by older consumers were credit card complaints, compared to 8% submitted by consumers under 62 years old (see Section 2, Figure 6).<sup>38</sup> Older consumers comprised approximately 21% of credit cards complaints and more commonly submitted complaints about general-purpose credit cards (see Figure 26). These differences may reflect differences in overall rate of ownership of these products by age.

**FIGURE 26:** OLDER CONSUMER RATE OF CARD COMPLAINT TYPES COMPARED TO PERCENTAGE OF CREDIT CARD COMPLAINTS SUBMITTED BY OLDER CONSUMERS



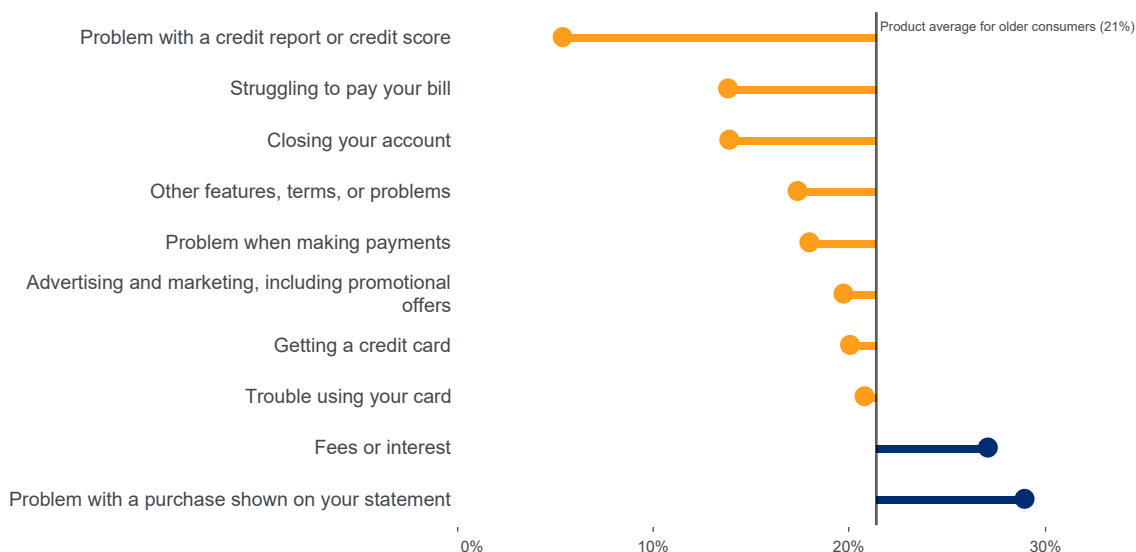
Older consumers were, on average, more likely to submit complaints about problems with purchases on statements rather than struggling to pay a bill (see Figure 27). Specifically, although older consumers submitted 21% of credit card complaints, they comprised more than 28% of credit card complaints about problems with purchases shown on a statement, which may reflect the targeting of older consumers in fraud and identity theft schemes that result in a

<sup>38</sup> This difference is consistent with data showing that credit cards make up a proportionally larger share of debt for those over age 60. According to data from the Federal Reserve Bank of New York’s Consumer Credit Panel, credit card debt makes up 8% of debt for those age 60-79 and 10% of debt for those age 70+, compared with those age 40-49 and 50-59 where credit cards make up 6% and 7% of outstanding debt, respectively. See Federal Reserve Bank of N.Y., Quarterly Report on Household Debt and Credit, 2018:Q3 (Nov. 2018), available at [https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/xls/hhd\\_c\\_report\\_2018q3.xlsx](https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/xls/hhd_c_report_2018q3.xlsx).



greater frequency of disputing charges.<sup>39</sup> In contrast, older consumers submitted approximately 14% of credit card complaints about struggling to pay a bill, which may reflect older consumers’ relative financial stability when compared with younger populations.<sup>40</sup>

**FIGURE 27: OLDER CONSUMER ISSUE RATE COMPARED TO PERCENTAGE OF CREDIT CARD COMPLAINTS SUBMITTED BY OLDER AMERICANS**



## 4.5 Checking or savings

The Bureau received approximately 25,900 checking or savings complaints in 2018.<sup>41</sup> The Bureau sent approximately 22,000 (or 85%) of these complaints to companies for review and response, referred 10% to other regulatory agencies, and found 4% to be incomplete. At the end of 2018, 0.3% of checking or savings complaints were pending with the consumer and 1% were pending with the Bureau (see Figure 28A, Routing Outcomes). Of the 10% of checking or savings

<sup>39</sup> See e.g., Consumer Fin. Prot. Bureau, Monthly Complaint Report Vol. 23 (May 2017) at 16, available at [https://www.consumerfinance.gov/documents/4806/201705\\_cfpb\\_Monthly\\_Complaint\\_Report.pdf](https://www.consumerfinance.gov/documents/4806/201705_cfpb_Monthly_Complaint_Report.pdf) (“Older consumers reported difficulties recovering from financial scams. ... Common consequences of scams and identity theft—as reported by older consumers—include having to correct credit reports, disputing charges with credit card companies, and attempting to have money recovered that was withdrawn from their bank accounts.”).

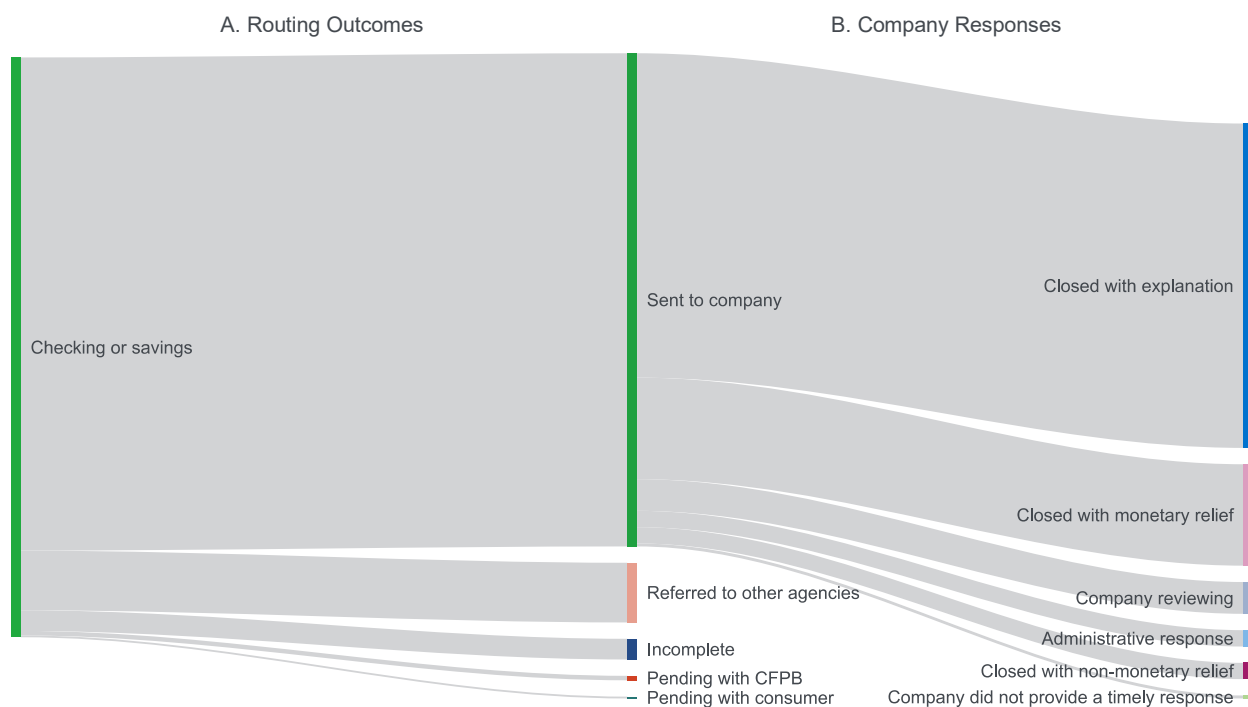
<sup>40</sup> See e.g., Consumer Fin. Prot. Bureau, *supra* note 21. See also Federal Reserve Bank of N.Y., *supra* note 38 (people aged 60-69 comprise around 3.3% of credit card debts transitioned into serious delinquency (90+ days delinquent) in Q3 of 2018, compared with an average of 4.8%).

<sup>41</sup> Financial accounts (i.e., checking or savings accounts) are one of the most widely used products about which the Bureau accepts complaints. Nearly ninety percent of households have a financial account. See U.S. Census Bureau, *Wealth, Asset Ownership, & Debt of Households Detailed Tables: 2014* (Sep. 2018), available at <https://www.census.gov/data/tables/2014/demo/wealth/wealth-asset-ownership.html>.

complaints referred to other agencies, most were complaints submitted about credit unions and other depository institutions with less than \$10 billion in assets.

Companies responded to approximately 99% of checking or savings complaints sent to them for review and response. Companies closed 66% of complaints with an explanation, 21% with monetary relief, and 3% with non-monetary relief. Companies used an administrative response for 3% of complaints. At the end of 2018, 6% of complaints were pending review by the company. Companies did not provide a timely response for 1% of complaints (see Figure 28B, Company Responses).

**FIGURE 28:** CHECKING OR SAVINGS COMPLAINTS BY OUTCOMES

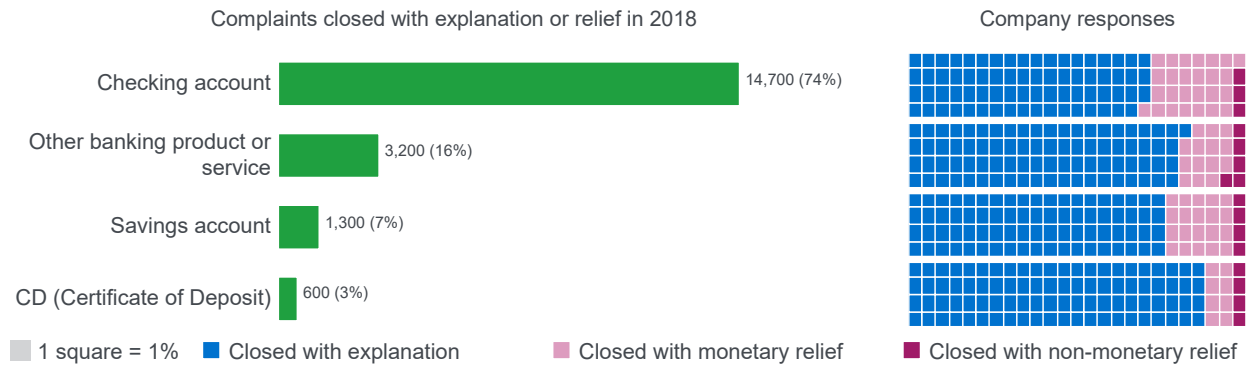


The remainder of this analysis focuses only on those checking or savings complaints for which the company confirmed a commercial relationship with the consumer and responded with an explanation or relief (i.e., complaints closed with explanation, closed with non-monetary relief, and closed with monetary relief).

When submitting checking or savings complaints, consumers specify the type of product. Options include: checking account, savings account, certificate of deposit (CD), and other banking product or service. In 2018, checking account was the most complained about product type (see Figure 29). Although ownership rates of checking and savings accounts are similar, it is

not surprising that checking accounts are the subject of more complaints as they tend to have a greater number of transactions—a frequent issue raised by consumers in complaints.<sup>42</sup>

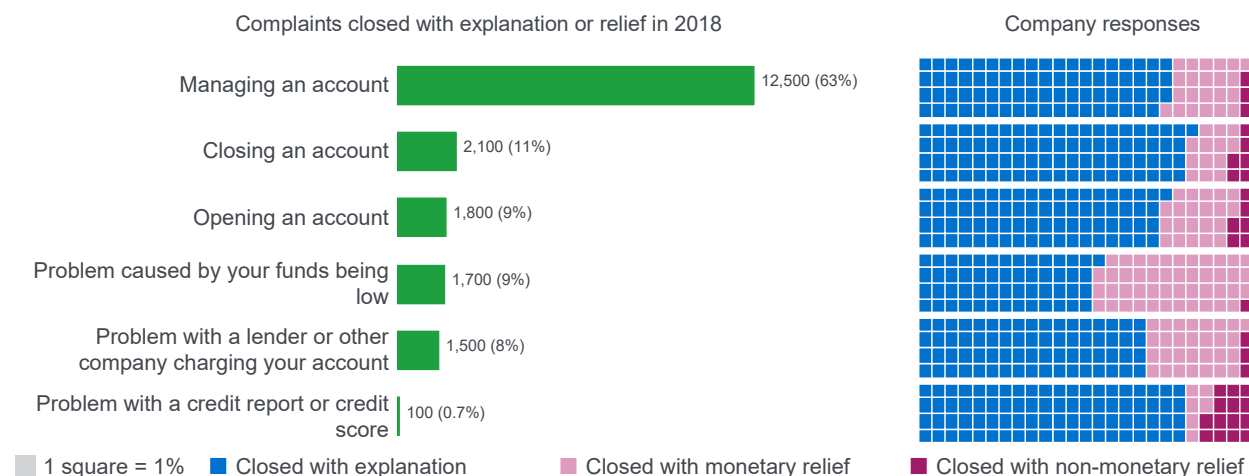
**FIGURE 29: CHECKING OR SAVINGS COMPLAINTS BY TYPE OF PRODUCT OR SERVICE AND OUTCOMES**



Consumers also identify the issue that best describes the problem they experienced. For checking or savings complaints, options include: closing an account; opening an account; managing an account; problem caused by funds being low; problem with a lender or other company charging your account; and, problem with credit report or credit score. In 2018, managing an account was the most common issue (see Figure 30).

<sup>42</sup> *Id.* According to U.S. Census data, household rates of ownership of regular checking accounts and savings accounts are fairly similar, with approximately 67% of households owning a regular checking account compared with 65% for savings accounts.

**FIGURE 30: CHECKING OR SAVINGS COMPLAINTS BY ISSUES AND OUTCOMES**



Of the approximately 63% of consumers who identified managing an account as their primary issue, most identified issues regarding depositing and withdrawing funds and using a debit or ATM card. Consumers, for example, described difficulties accessing their funds, reported financial institutions placing holds on deposits, and stated that the financial institution extended the release date of the funds without notice. In response to these complaints, financial institutions stated that hold notices help reduce the risk of loss to the financial institution and the consumer, and provided details as to why they placed a hold on a consumer’s account.

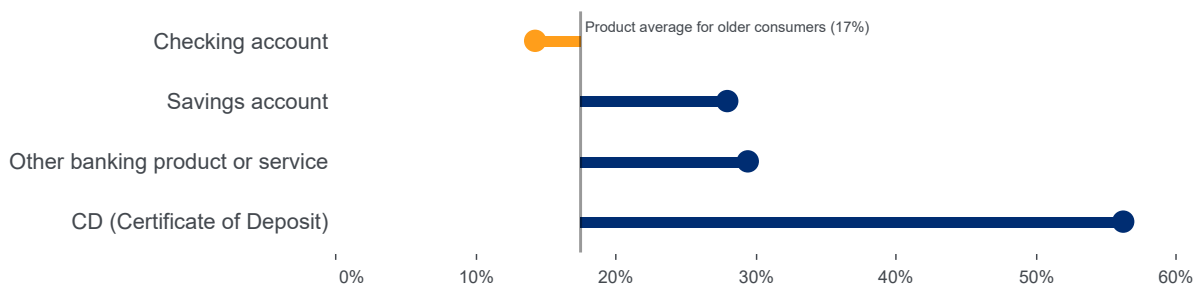
Unauthorized transactions—occurring online, at merchants, and at ATMs—are a common concern raised by consumers. Some consumers described learning of unauthorized transactions from proactive account alerts, while others described learning of the transactions after overdrawing their account. In response to these concerns, financial institutions detailed a range of technology they use to combat unauthorized activity, including two-factor authentication, monitoring failed attempts to access accounts, tracking devices used to access accounts, and issuing chip-enabled debit cards. In their responses to consumers, financial institutions often emphasized the importance of safeguarding account information and timely reporting unauthorized or suspicious account activity. In some complaints, financial institutions reported reversing previously denied claims and crediting the consumer’s account.

Consumers who submitted complaints about problems caused by funds being low received monetary relief at a greater rate than consumers who submitted complaints about other issues (see Figure 30). These consumers often identified issues with overdraft fees. Some consumers disputed overdraft fees because of the sequencing of the transactions (e.g., deposits not credited to the account balance), while others complained that their attempts to deposit money to bring their account balance positive still resulted in an overdraft fee. Some consumers expressed confusion as to why their account incurred an overdraft fee after they had declined overdraft

coverage. In response to these complaints, financial institutions frequently referenced disclosures and policies provided to the consumer at the time of account opening. As a courtesy, financial institutions often credited the fee back to the consumer's account.

Approximately 9% of complaints submitted by older consumers were checking or savings complaints, compared to 6% submitted by consumers under 62 years old (see Section 2, Figure 6). Although older consumers comprised approximately 17% of checking or savings complaints, they comprised more than 28% of complaints about savings accounts and other banking products (see Figure 31). The concentration of older consumers in complaints about CDs was particularly pronounced at more than 56%. These differences may reflect differences in overall rate of ownership of these products by age.<sup>43</sup>

**FIGURE 31: OLDER CONSUMER RATE OF PRODUCT TYPES COMPARED TO PERCENTAGE OF CHECKING OR SAVINGS COMPLAINTS SUBMITTED BY OLDER CONSUMERS**



Older consumers tended to raise issues about managing and closing accounts (see Figure 32). The majority of these complaints involved issues with deposits and withdrawals from accounts, including financial institutions not handling funds in accordance with instructions. Older consumers were less likely to complain about overdrafts, associated fees, and problems associated with opening an account.

<sup>43</sup> See *id.* Data from the Survey of Income and Program Participation, a periodic survey of wealth data collected by the United States Census Bureau, suggests that 14% of Americans over age 65 own a CD. By contrast, less than 3% of those under 35 own a CD.

**FIGURE 32:** OLDER CONSUMER ISSUE RATE COMPARED TO PERCENTAGE OF CHECKING OR SAVINGS COMPLAINTS SUBMITTED BY OLDER CONSUMERS

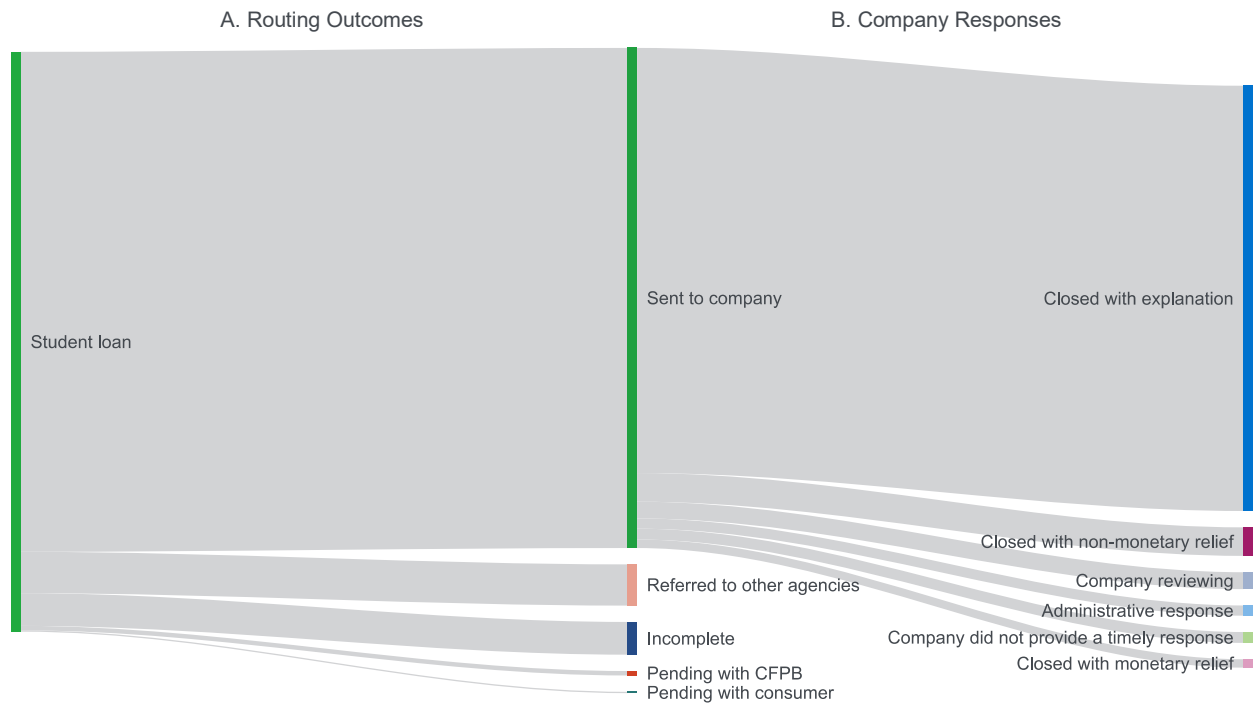


## 4.6 Student loans

The Bureau received approximately 10,400 student loan complaints in 2018. The Bureau sent approximately 9,000 (or 86%) of these complaints to companies for review and response, referred 7% to other regulatory agencies, and found 6% to be incomplete. At the end of 2018, 0.2% of student loan complaints were pending with the consumer and 1% were pending with the Bureau (see Figure 33A, Routing Outcomes).

Companies responded to approximately 98% of student loan complaints sent to them for review and response. Companies closed 85% of complaints with an explanation, 6% with non-monetary relief, and 2% with monetary relief. Companies used an administrative response for 2% of complaints. At the end of 2018, 3% of complaints were pending review by the company. Companies did not provide a timely response for 2% of complaints (see Figure 33B, Company Responses).

**FIGURE 33: STUDENT LOAN COMPLAINTS BY OUTCOMES**

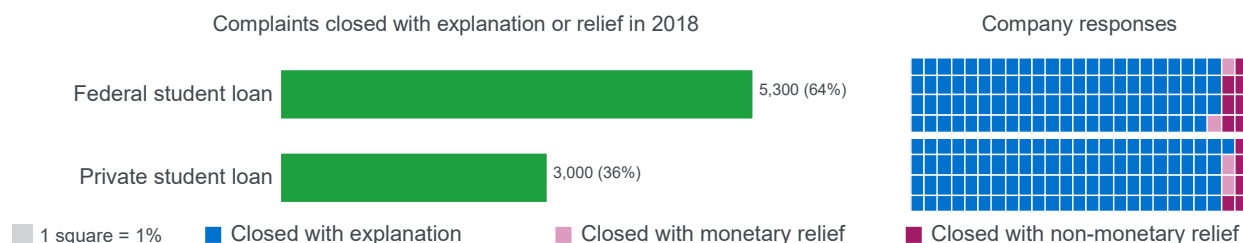


The remainder of this analysis focuses only on those student loan complaints for which the company confirmed a commercial relationship with the consumer and responded with an explanation or relief (i.e., complaints closed with explanation, closed with non-monetary relief, and closed with monetary relief).

When submitting student loan complaints, consumers specify whether they are complaining about a federal student loan or private student loan. In 2018, consumers complained about federal student loans more frequently than private student loans (see Figure 34).<sup>44</sup>

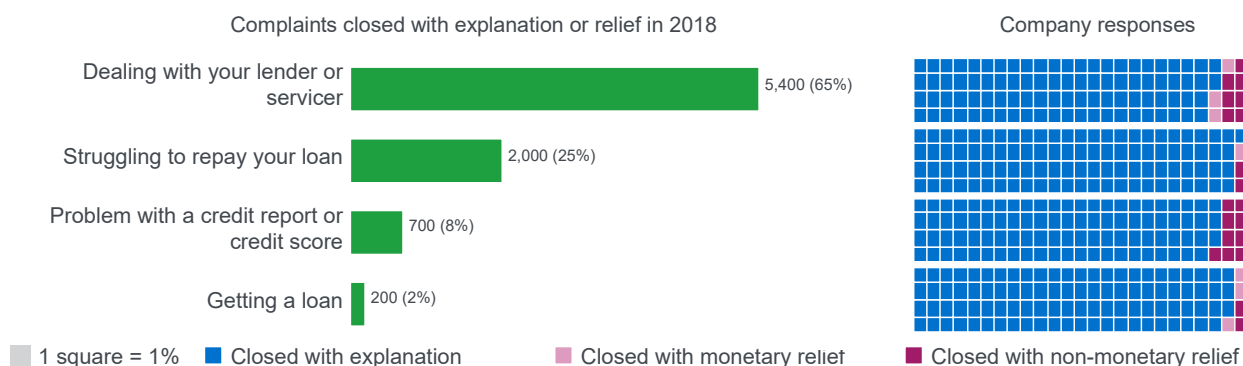
<sup>44</sup> Before consumers submit student loan complaints to the Bureau, the Bureau’s complaint form requires them to select the type of student loan. When consumers select *federal student loan* and an issue related to financial aid eligibility or related to receiving money from a federal student loan, the Bureau directs consumers to the Department of Education.

**FIGURE 34: STUDENT LOAN COMPLAINTS BY TYPE OF LOAN AND OUTCOMES**



Consumers also identify the issue that best describes the problem they experienced. For student loans, options include: dealing with a lender or servicer; getting a loan; problem with a credit or consumer report; and, struggling to repay a loan. In 2018, dealing with a lender or servicer was the most common issue (see Figure 35).

**FIGURE 35: STUDENT LOAN COMPLAINTS BY ISSUES AND OUTCOMES**



The majority of student borrowers who submitted complaints (approximately 65%) complained about problems dealing with a lender or servicer. Most of these borrowers expressed concern about the information student loan servicers provided (e.g., information about account details, repayment plans, and loan programs).

In their complaints, borrowers often raised issues related to the affordability of their repayment options.<sup>45</sup> Federal student loan borrowers typically have several repayment options, including plans known as Income Driven Repayment (IDR) that limit payments to a percentage of their income. Under these plans, some borrowers could pay as low as \$0 per month. The fact that

<sup>45</sup> These complaints are consistent with other research that many borrowers are having difficulty repaying their student loans. See Federal Reserve Bank of N.Y., *supra* note 29 (As of the fourth quarter 2018, more than 11% of the total outstanding student loan balances were 90 or more days delinquent—compared with a 3.1% combined delinquency rate for mortgages, credit cards, vehicle loans, student loans, home equity lines of credit and other types of loans).



many complaints relate to payment affordability for federal student loans suggests that some borrowers may not be in the best repayment plan for their circumstances, or that they may not understand their available repayment options. Additionally, borrowers with federal student loans described delays in processing IDR applications because servicers asked for documentation multiple times. These delays, according to borrowers, resulted in interest capitalizing on their loans. Borrowers also described paying third parties large sums—sometimes several hundred dollars—to submit applications on their behalf.

For private student loan borrowers, flexible payment options are, generally, not as readily available. In response to private student loan borrowers, servicers explained that private loans do not have the same repayment options as federal loans; servicers also stated that any change in the original loans terms was at the discretion of the lender. Some servicers offered borrowers forbearance, but reminded them that interest will continue to accrue.

Federal student loan borrowers also reported issues with the Public Service Loan Forgiveness program.<sup>46</sup> Many borrowers stated that they made payments on loans that they thought would be forgiven; however, after making payments over several years, they learned they were not eligible for forgiveness. In response, their servicers often stated that they were not eligible for forgiveness because, for example, they did not have the right type of loan, were in the wrong type of payment plan, or did not work at a qualifying public employer. Many borrowers who were earlier in the payment process, and still had some time before reaching the requisite 120 payments, stated that their loan servicer did not calculate the number of current payments correctly. In response, servicers often reported researching the calculation and updating the payment count or explained why certain payments were ineligible.

Both private and federal student loan borrowers identified problems making payments. These consumers raised issues with accessing account statements, difficulties cancelling automatic payments, and challenges specifying the date and allocation of payments. In response to these complaints, servicers responded in a variety of ways. Some servicers reported reversing and reapplying payments in accordance with the borrower's instructions, while others stated that the payment allocation was correct.

Borrowers who attended schools that closed before they could graduate expressed concern that they would be held liable for their loans and would be unlikely to benefit from the degree they had been seeking. In response to these concerns, servicers recommended that the borrower contact the school or student loan originator to discuss their options.

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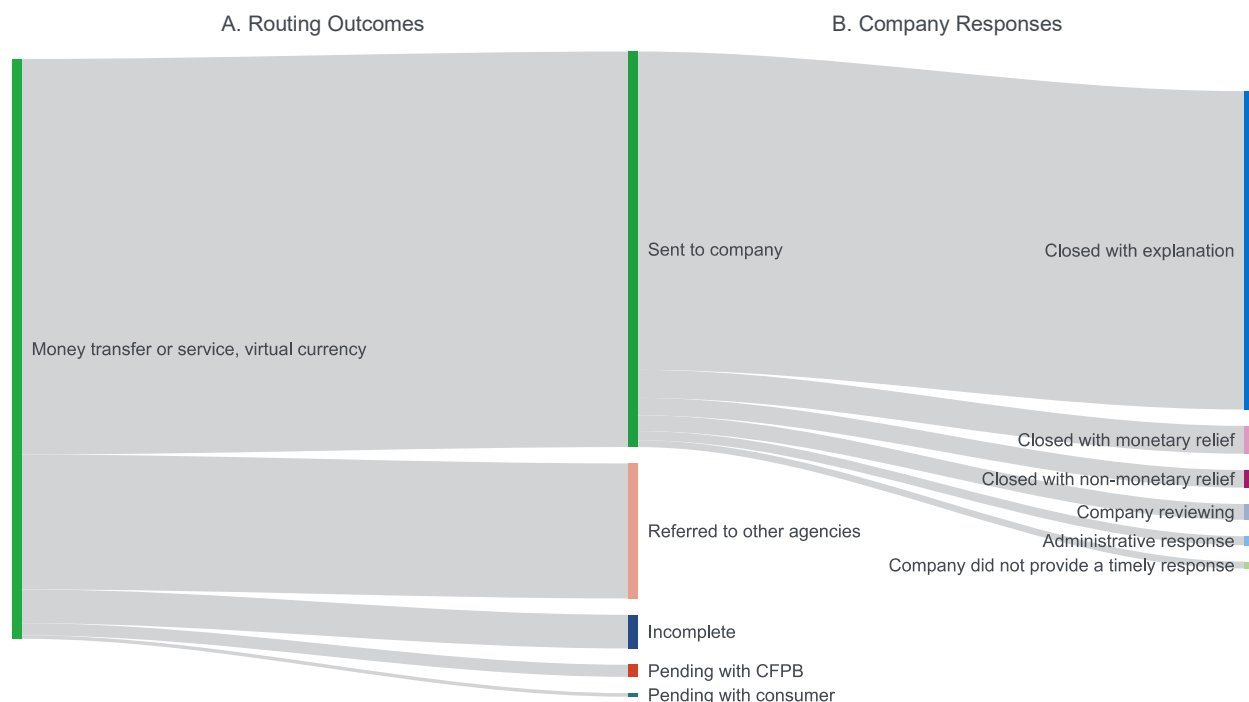
<sup>46</sup> The Public Service Loan Forgiveness program forgives the remainder of a borrower's federal Direct Loan balance after the borrower has made 120 qualifying payments (10 years) under a qualifying payment plan while working full-time for a qualifying public service employer. *See* 34 CFR § 685.219.

## 4.7 Money transfers, money services, and virtual currencies

The Bureau received approximately 8,100 money transfer, money service, and virtual currency complaints in 2018. The Bureau sent approximately 5,600 (or 68%) of these complaints to companies for review and response, referred 23% to other regulatory agencies, and found 6% to be incomplete. At the end of 2018, 1% of money transfer, money service, and virtual currency complaints were pending with the consumer and 2% were pending with the Bureau (see Figure 36A, Routing Outcomes).

Companies responded to approximately 98% of money transfer, money service, and virtual currency complaints sent to them for review and response. Companies closed 80% of complaints with an explanation, 7% with monetary relief, and 4% with non-monetary relief. Companies used an administrative response for 2% of complaints. At the end of 2018, 4% of complaints were pending review by the company. Companies did not provide a timely response for 2% of complaints (see Figure 36B, Company Responses).

**FIGURE 36: MONEY TRANSFER OR SERVICE, AND VIRTUAL CURRENCY COMPLAINTS BY OUTCOMES**

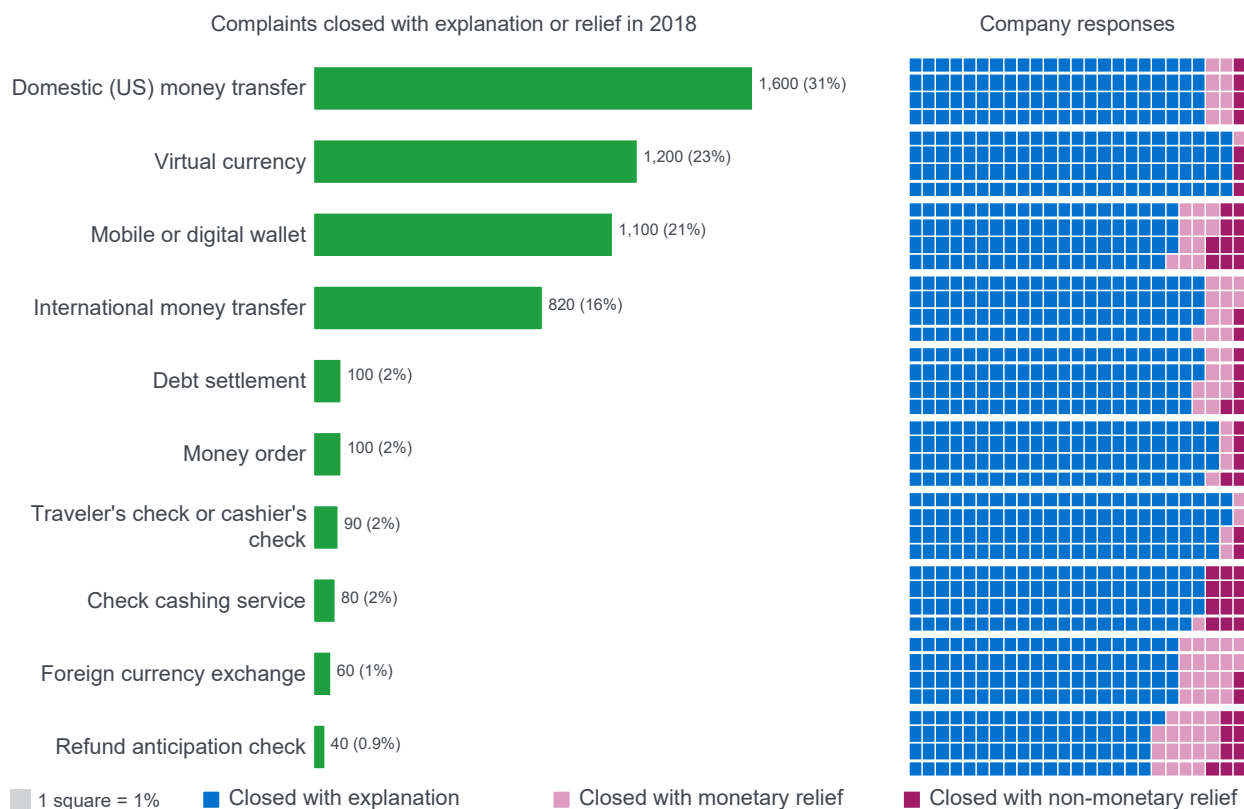


The remainder of this analysis focuses only on those money transfer or service, and virtual currency complaints for which the company confirmed a commercial relationship with the

consumer and responded with an explanation or relief (i.e., complaints closed with explanation, closed with non-monetary relief, and closed with monetary relief).

When submitting money transfer or service, and virtual currency complaints, consumers specify the type of product. Options include: check cashing service; debt settlement; domestic (US) money transfer; foreign currency exchange; international money transfer; mobile or digital wallet; money order; refund anticipation check; traveler's check or cashier's check; and, virtual currency. In 2018, domestic (US) money transfers was the most complained about type of product (see Figure 37).

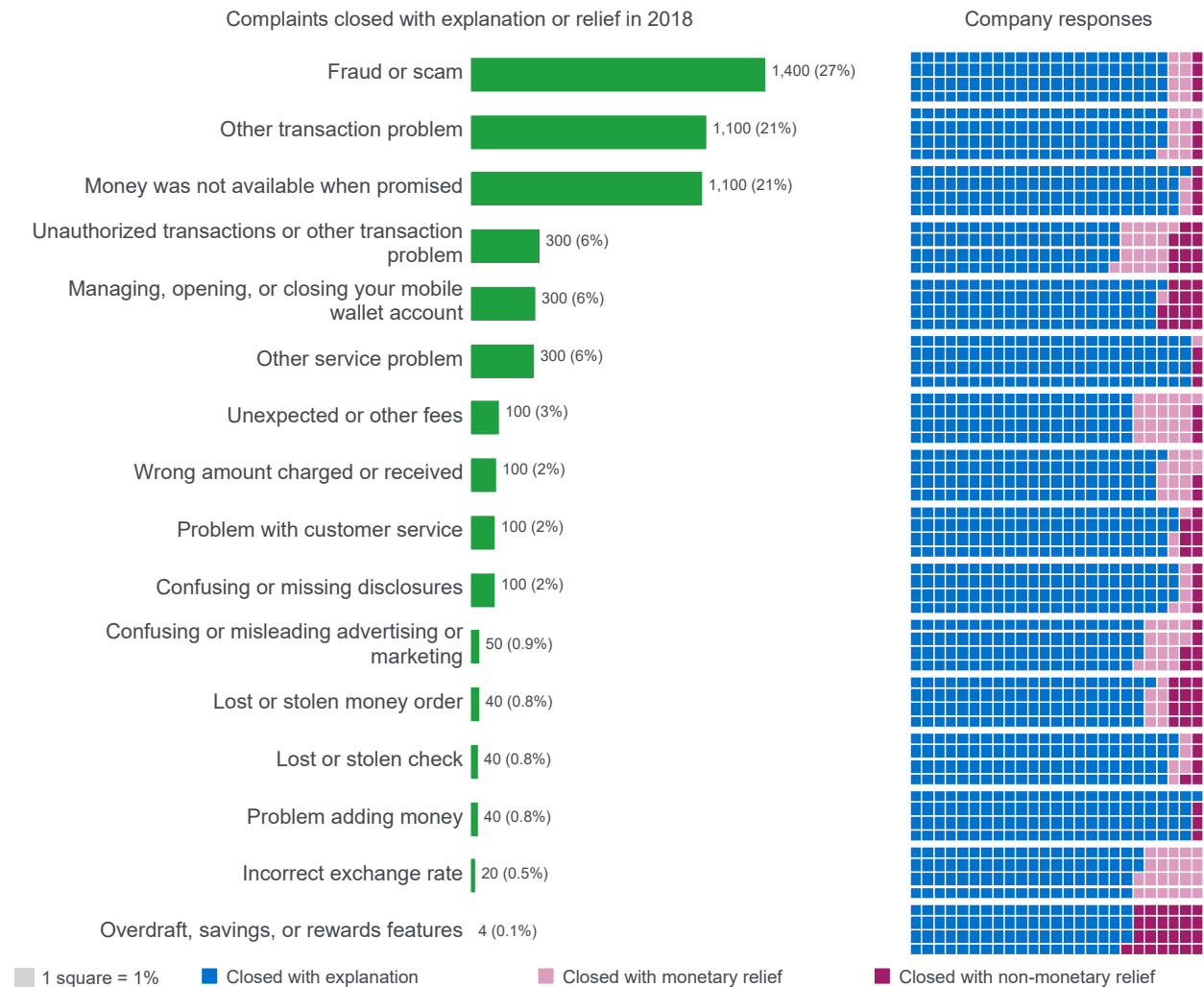
**FIGURE 37: MONEY TRANSFER OR SERVICE, AND VIRTUAL CURRENCY COMPLAINTS BY TYPE AND OUTCOMES**



Consumers also identify the issue that best describes the problem they experienced. For complaints about money transfers, money services, and virtual currency, options include: confusing or misleading advertising and marketing; confusing or missing disclosures; fraud or scam; incorrect exchange rate; lost or stolen check; lost or stolen money order; managing, opening, or closing your mobile wallet account; money was not available when promised; other transaction problem; other service problem; overdraft, savings, or rewards features; problem adding money; problem with customer service; unauthorized transactions or other transaction

problem; unexpected or other fees; and, wrong amount charged or received. In 2018, fraud or scam was the most common issue (see Figure 38).

**FIGURE 38: MONEY TRANSFER OR SERVICE, AND VIRTUAL CURRENCY COMPLAINTS BY ISSUES AND OUTCOMES**



More than one-quarter of consumers reported issues related to fraud and scams in their complaints about money transfers, money services, and virtual currency. In these complaints, consumers often described corresponding with another person for the purchase of goods or services. The purported seller then asked the consumers to transfer money. Once the consumer transmitted the money, they described losing contact with the seller and being unable to cancel their transaction. In response to these complaints, money service businesses explained that money transfers are analogous to withdrawing money out of an account—and therefore, there

was no way to reverse the transaction. As a courtesy, however, some money service businesses reported crediting their customer's account for a portion of their loss.

Consumers who used electronic transfer services—provided by a depository institution or by third-party mobile applications connected to depository accounts—described similar scenarios. Although the responses of these companies were generally similar to money service businesses, these companies often described additional efforts to prevent the transfer. For example, these companies stated they reached out to the consumer via email and text messaging alerts that asked the consumer to confirm the transaction. These companies also described automated tools that scan transactions for potentially fraudulent or high-risk activities.

Consumers who submitted money transfer complaints also identified a variety of transaction problems unrelated to suspected fraud or scams, including money not being available timely, money not being available at all, and transactions that were unexpectedly cancelled by the company. In response to these complaints, companies sometimes acknowledged that they could not complete transactions successfully or that system issues delayed the transaction. Other times, companies stated that they would not complete the transaction because there was a problem with the recipient of the transfer (e.g., the identification did not match or the transfer failed).

Of the consumers who submitted complaints about virtual currency, most identified issues with the availability of funds held at virtual currency exchanges during periods of high price volatility for the most active virtual currencies. These consumers reported that they were unable to access their funds for days and, sometimes, weeks. According to consumers who contacted currency exchanges, customer service representatives did not resolve their situation or provide them with sufficient information to access their account. Some currency exchanges explained that technology and the expansion of systems and teams created a backlog of support tickets that resulted in longer than expected processing delays.

## 4.8 Vehicle loans or lease

The Bureau received approximately 8,100 vehicle loan or lease complaints in 2018.<sup>47</sup> The Bureau sent approximately 5,900 (or 73%) of these complaints to companies for review and response, referred 22% to other regulatory agencies, and found 3% to be incomplete. At the end

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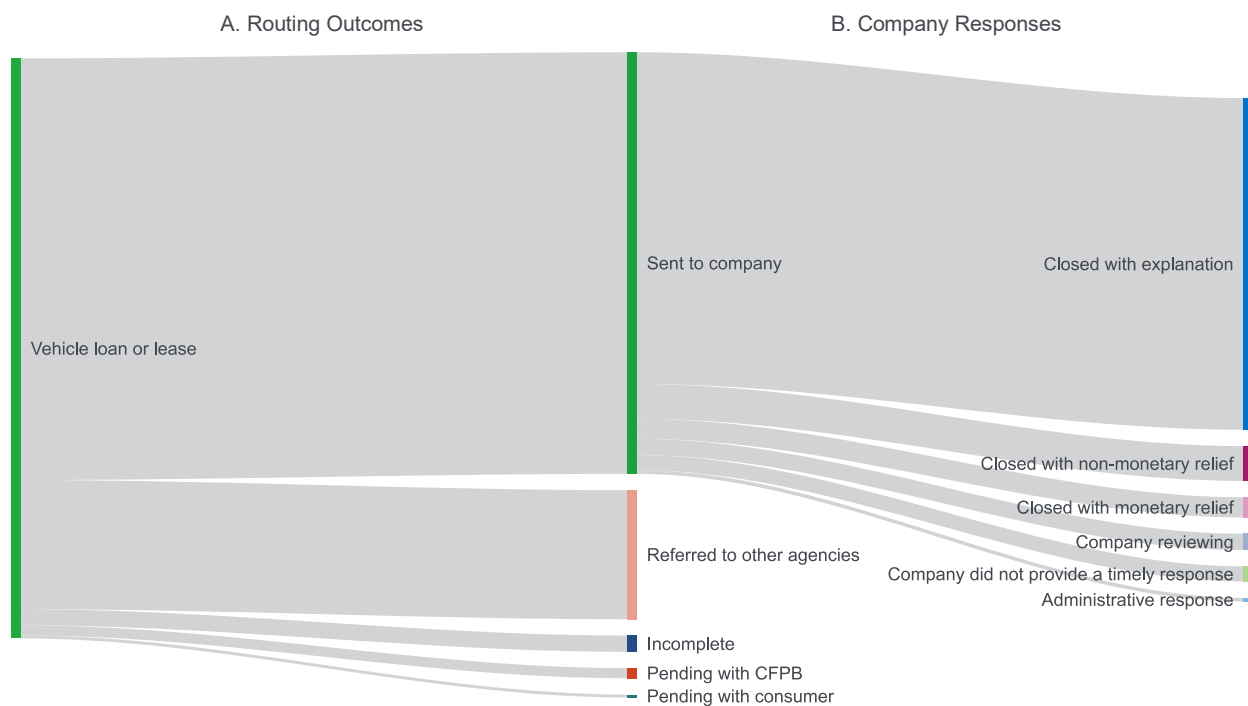
<sup>47</sup> See Federal Reserve Bank of N.Y., *supra* note 29 (According to Federal Reserve Bank of New York's data, there were more than 113 million outstanding vehicle loans at the end of 2018).

of 2018, 1% of vehicle loan or lease complaints were pending with the consumer and 2% were pending with the Bureau (see Figure 39A, Routing Outcomes).

Some consumers submit complaints about vehicle dealerships. The Bureau generally does not send vehicle loan or lease complaints to vehicle dealerships unless the dealer retains motor vehicle installment sales contracts (often known as “buy here, pay here” dealers).

Companies responded to approximately 96% of vehicle loan or lease complaints sent to them for review and response. Companies closed 79% of complaints with an explanation, 8% with non-monetary relief, and 5% with monetary relief. Companies used an administrative response for 1% of complaints. At the end of 2018, 4% of complaints were pending review by the company. Companies did not provide a timely response for 4% of complaints (see Figure 39B, Company Responses).

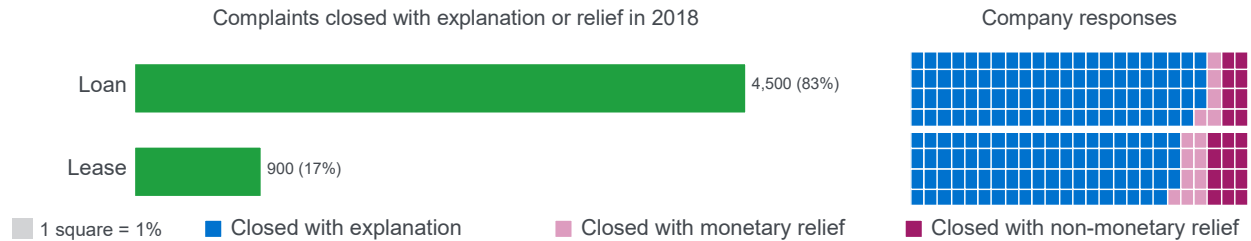
**FIGURE 39: VEHICLE LOAN OR LEASE COMPLAINTS BY OUTCOMES**



The remainder of this analysis focuses only on those vehicle loan or lease complaints for which the company confirmed a commercial relationship with the consumer and responded with an explanation or relief (i.e., complaints closed with explanation, closed with non-monetary relief, and closed with monetary relief).

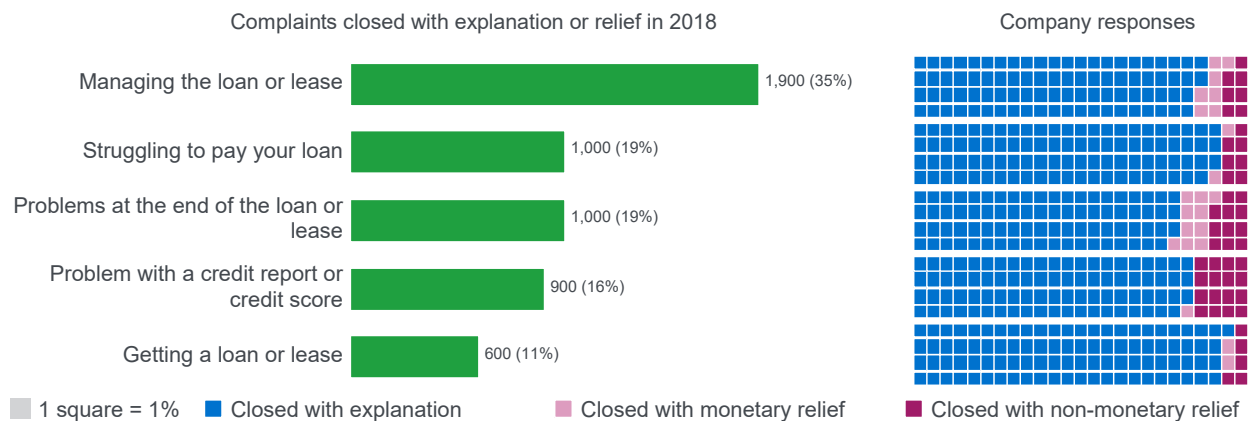
Consumers who submit vehicle loan or lease complaints specify whether they are complaining about a vehicle loan or lease. In 2018, consumers complained about vehicle loans more frequently than vehicle leases (see Figure 40).

**FIGURE 40: VEHICLE LOAN OR LEASE COMPLAINTS BY TYPE AND OUTCOMES**



Consumers identify the issue that best describes the problem they experienced. For vehicle loan or lease complaints, options include: getting a loan or lease; managing the loan or lease; problems at the end of the loan or lease; problem with credit report or credit score; and, struggling to pay loan. In 2018, managing the loan or lease was the most common issue (see Figure 41).

**FIGURE 41: VEHICLE LOAN OR LEASE COMPLAINTS BY ISSUES AND OUTCOMES**



Consumers who complain about getting a vehicle loan or lease (approximately 11% of complaints) frequently described loan denials. These consumers often disputed the reasons lenders provided in these denials, and some stated their credit reports, which lenders relied upon, were inaccurate. Lenders frequently replied to these complaints by reiterating reasons for the initial loan denial and citing underwriting guidelines. Lenders also asserted that some consumers did not submit required application documents.

Other complaints about getting a loan claimed that the loan terms offered were unfair because of high interest rates, high payment to income ratios, or repayment totals significantly larger than the value of the vehicle. Companies generally responded to these complaints by providing a copy of the loan contract or by noting that the consumer agreed to terms outlined in the contract.

For the nearly 35% of consumers who identified issues about managing a loan or lease, complaints about billing and repayment were common. Frequently, consumers complained about problems with automatic payment systems, online payment portals, or changes to payment dates that resulted in late payments. Companies frequently responded to these complaints by providing details of consumers' repayment behavior, including dates of payments, missed payments, customer service interactions, as well as online account usage. Some consumers who identified issues about managing the loan or lease complained about other types of payment issues, including double payments, failures to refund overpayment, and failures to apply payments in accordance with payment instructions.

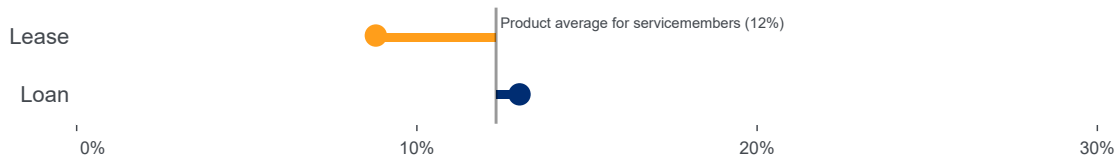
Some consumers detailed problems utilizing Guaranteed Auto Protection (GAP) insurance, warranties, service plans, and other financing add-ons. These issues frequently arise after an accident that results in damage to the vehicle. Consumers raised a number of different issues with these products, including not receiving warranty refunds, problems when GAP insurers and finance companies delayed payment disbursement, and problems when the loan amount was greater than the GAP insurance maximum allowable benefit.

Approximately 19% of consumers identified problems that occurred at the end of their loan or lease. Consumers with leases complained about fees for wear and tear, excess mileage, and other disposition fees. Consumers with loans complained about difficulty in the final payoff process. Sometimes, these consumers complained about outstanding balances despite their attempts to make a payoff at the end of the loan term. When consumers remitted a final payment on their vehicle loan, they sometimes reported delays in receiving their title and proof of a satisfied lien. In response to these issues, lenders often provided some form of relief (monetary or non-monetary) to the consumer.

Vehicle loan and lease issues appeared to be more of a concern for servicemembers than non-servicemembers. Approximately 3% of complaints submitted by servicemembers were vehicle loan or lease complaints, compared to 2% submitted by non-servicemembers (see Section 2, Figure 5). Within these complaints, servicemembers make up a larger than average percentage of complaining consumers for vehicle loans (see Figure 42).

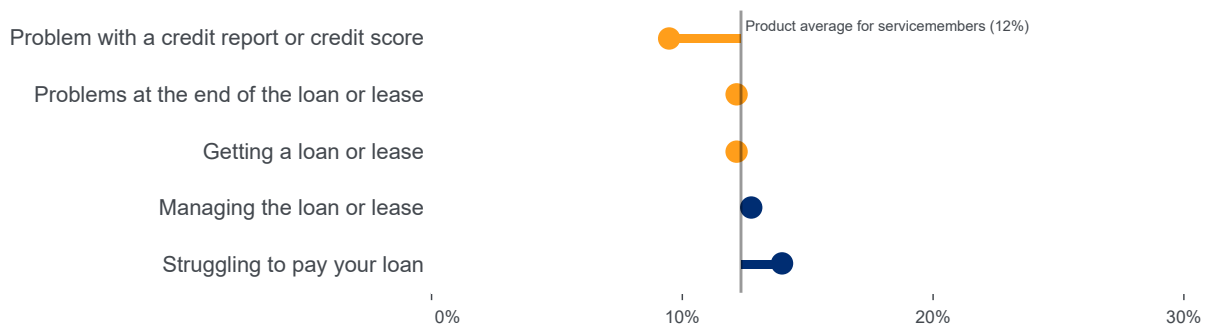


**FIGURE 42:** SERVICEMEMBER LOAN COMPLAINT TYPE RATE COMPARED TO PERCENTAGE OF VEHICLE LOAN OR LEASE COMPLAINTS SUBMITTED BY SERVICEMEMBERS



Servicemembers also complained about issues at different rates compared with non-servicemembers. For example, servicemembers complained about struggling to pay their loan at a higher rate (see Figure 43). Some of these servicemembers described problems when seeking a reduced payment, potentially implicating the Servicemembers Civil Relief Act (SCRA), which provides specific protections on pre-service debts for servicemembers who are on active duty.<sup>48</sup> Managing a loan or lease was also a concern for servicemembers. Many of these issues involved problems with fees or interest rates charged by lenders. In their complaints, some servicemembers asserted specific protections under the SCRA or otherwise mentioned their active duty status.

**FIGURE 43:** SERVICEMEMBER ISSUE RATE COMPARED TO PERCENTAGE OF VEHICLE LOAN OR LEASE COMPLAINTS SUBMITTED BY SERVICEMEMBERS



## 4.9 Personal loans

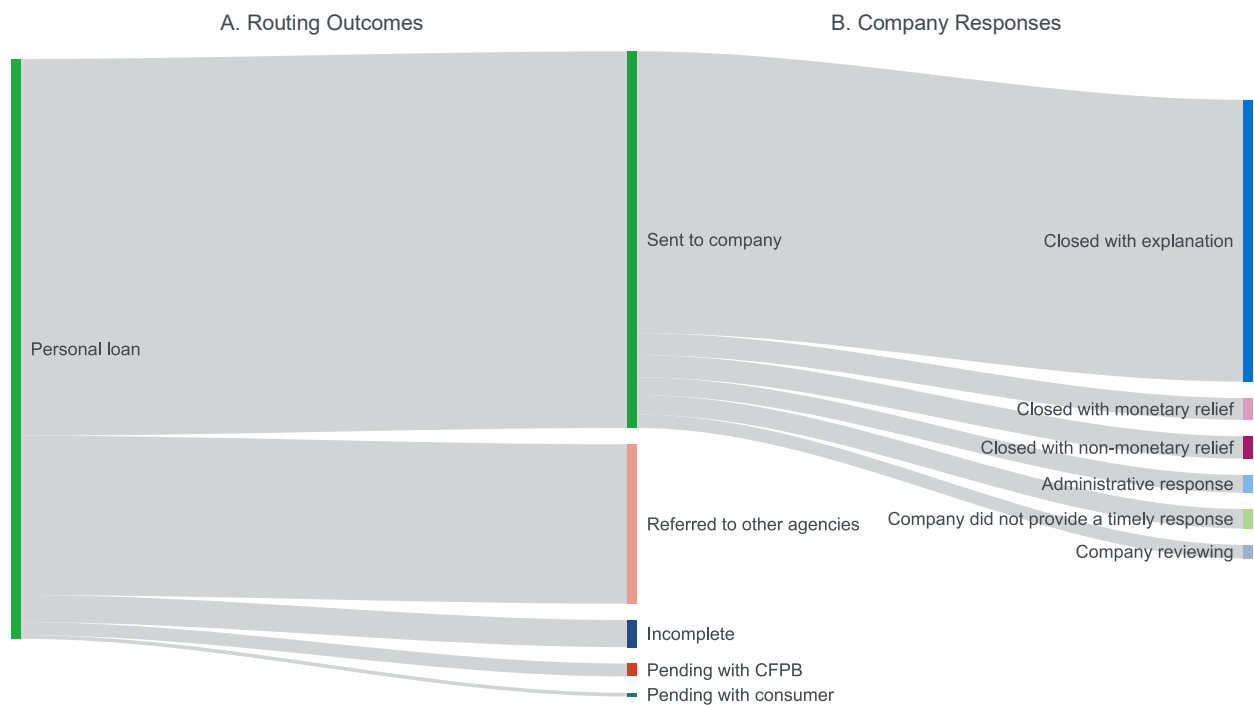
The Bureau received approximately 4,200 personal loan complaints in 2018. The Bureau sent approximately 2,700 (or 65%) of these complaints to companies for review and response, referred 28% to other regulatory agencies, and found 5% to be incomplete. At the end of 2018,

<sup>48</sup> See 50 U.S.C. § 3937 (providing for a six percent interest rate cap on debt incurred before military service while a borrower is on active duty).

1% of personal loan complaints were pending with the consumer and 2% were pending with the Bureau (see Figure 44A, Routing Outcomes).

Companies responded to approximately 95% of personal loan complaints sent to them for review and response. Companies closed 75% of complaints with an explanation, 6% with monetary relief, and 6% with non-monetary relief. Companies used an administrative response for 5% of complaints. At the end of 2018, 4% of complaints were pending review by the company. Companies did not provide a timely response for 5% of complaints (see Figure 44B, Company Responses).

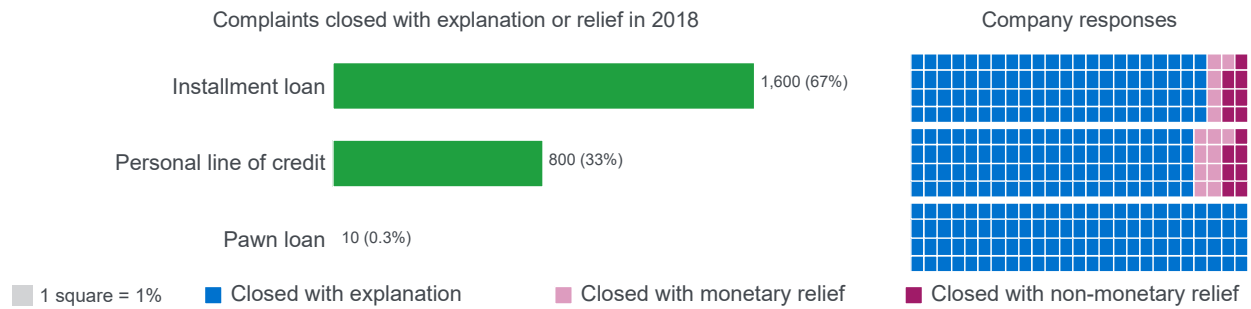
**FIGURE 44:** PERSONAL LOAN COMPLAINTS BY OUTCOMES



The remainder of this analysis focuses only on those personal loan complaints for which the company confirmed a commercial relationship with the consumer and responded with an explanation or relief (i.e., complaints closed with explanation, closed with non-monetary relief, and closed with monetary relief).

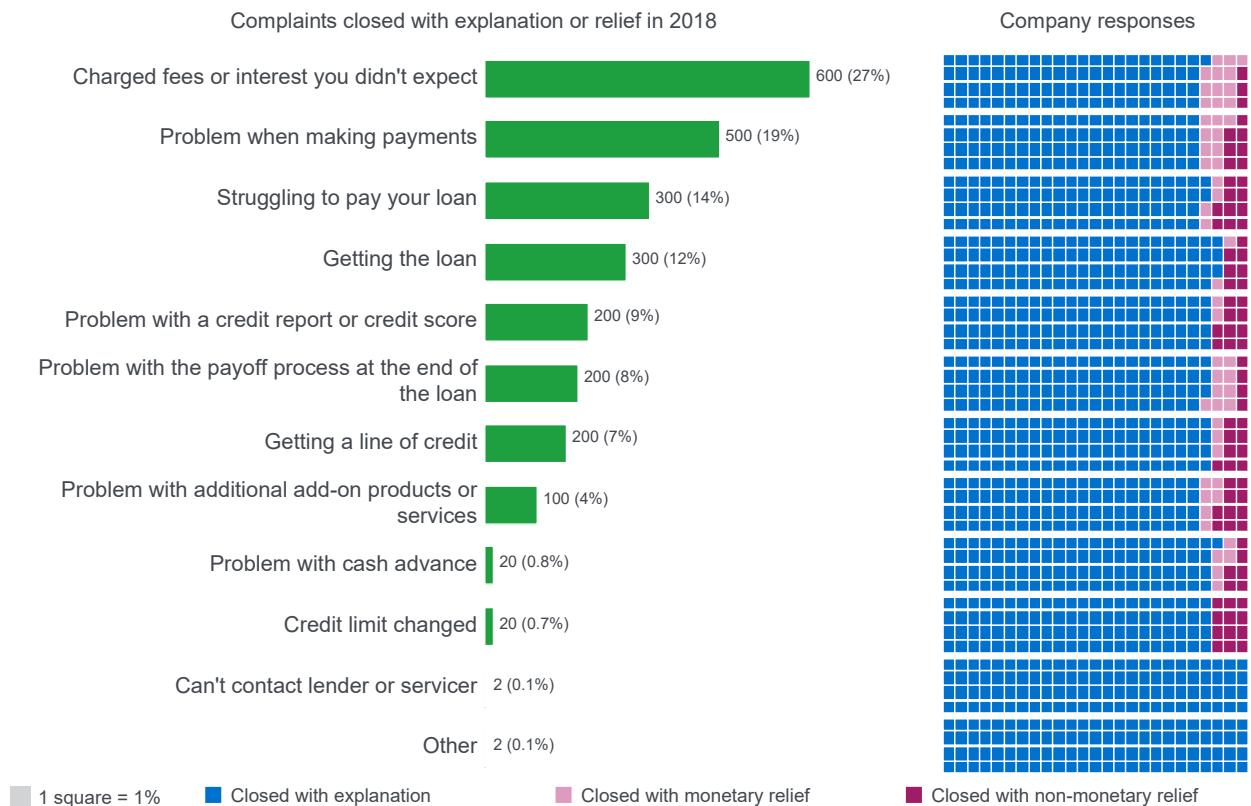
When submitting personal loan complaints, consumers specify the type of product. Options include: installment loan, personal line of credit, or pawn loan. In 2018, installment loans were the most complained about type of personal loan product (see Figure 45).

**FIGURE 45: PERSONAL LOAN COMPLAINTS BY TYPE AND OUTCOMES**



Consumers also identify the issue that best describes the problem they experienced. For personal loan complaints, options are: can't contact lender or servicer; charged unexpected fee or interest; credit limit changed; getting the loan; getting a line of credit; problem with a credit report or score; problem with additional add-on product or services; problem with cash advance; problem with the payoff process at the end of the loan; problem when making payments, and struggling to pay loan. In 2018, charged unexpected fees or interest was the most common issue (see Figure 46).

**FIGURE 46: PERSONAL LOAN COMPLAINTS BY ISSUES AND OUTCOMES**



Personal loan complaints involve a range of loan products that consumers use for a variety of purposes. Some loan products have relatively small principal amounts—often used for temporary expenses or budget shortfalls and generally issued by non-bank lenders. Other loan products involve larger principal amounts for longer terms and are generally issued by both bank and non-bank lenders. Consumers who use these products mention a range of uses for the funds, such as home improvement and debt consolidation. Personal loan complaints also include another group of loans that involve the financing of specific goods, such as solar panels, furniture, or other personal property.

The number of issues consumers raised in their complaints mirrors the broad range of these loan products. For the nearly one in five consumers who identified issues getting a loan or a line of credit, credit denials were a common reason that a consumer submitted a complaint. Some consumers expressed confusion about denial reasons provided by lenders or receiving a denial after responding to a preapproval advertisement.

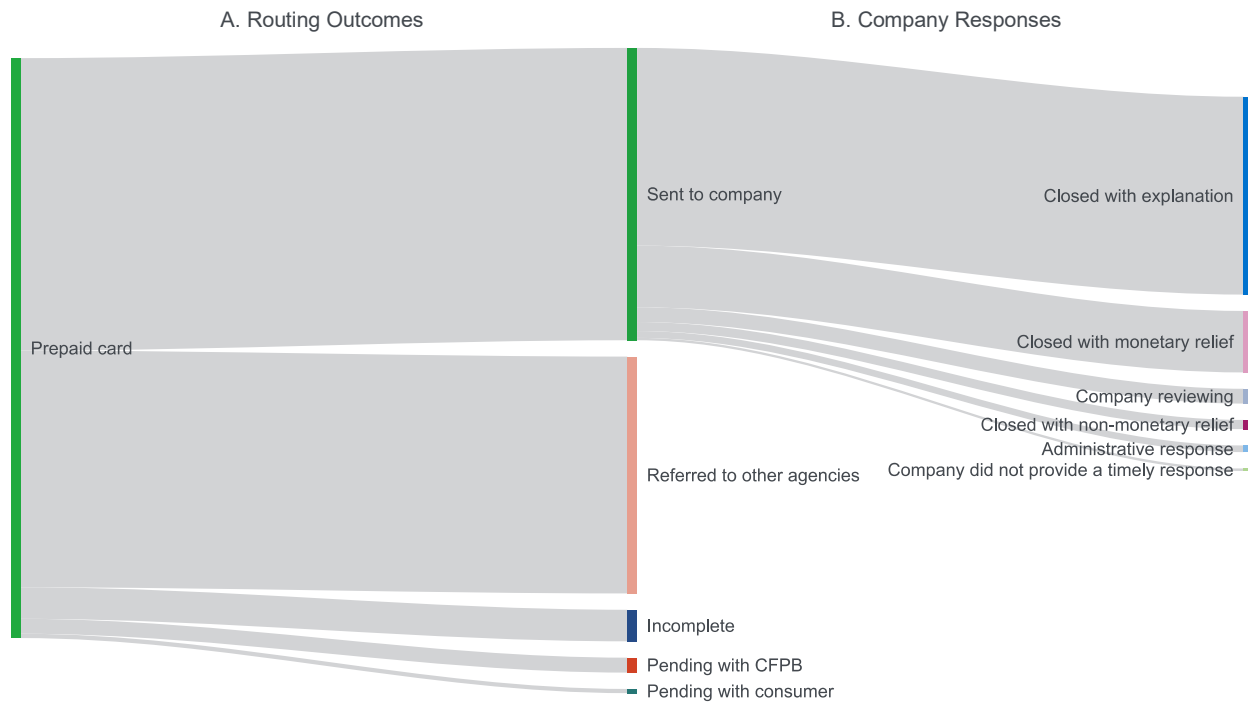
After receiving a personal loan, many consumers complained about unexpected fees or interest. These consumers expressed a variety of concerns, including higher than expected interest rates, and problems with deferred interest and promotional rates. Other consumers identified problems during the repayment process, such as the application of individual payments to principal versus interest, and payments to balances with differing interest rates.

## 4.10 Prepaid cards

The Bureau received approximately 2,600 prepaid card complaints in 2018. The Bureau sent approximately 1,300 (or 50%) of these complaints to companies for review and response, referred 41% to other regulatory agencies, and found 5% to be incomplete. At the end of 2018, 1% of prepaid card complaints were pending with the consumer and 3% were pending with the Bureau (see Figure 47A, Routing Outcomes).

Companies responded to approximately 99% of prepaid card complaints sent to them for review and response. Companies closed 68% of complaints with an explanation, 21% with monetary relief, and 3% with non-monetary relief. Companies used an administrative response for 2% of complaints. At the end of 2018, 5% of complaints were pending review by the company. Companies did not provide a timely response for 1% of complaints (see Figure 47B, Company Responses).

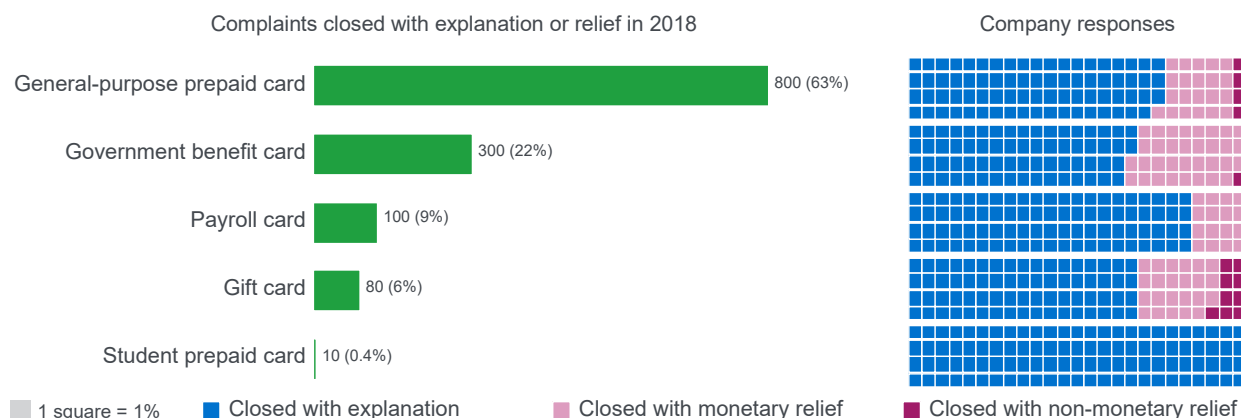
**FIGURE 47: PREPAID CARD COMPLAINTS BY OUTCOMES**



The remainder of this analysis focuses only on those prepaid card complaints for which the company confirmed a commercial relationship with the consumer and responded with an explanation or relief (i.e., complaints closed with explanation, closed with non-monetary relief, and closed with monetary relief).

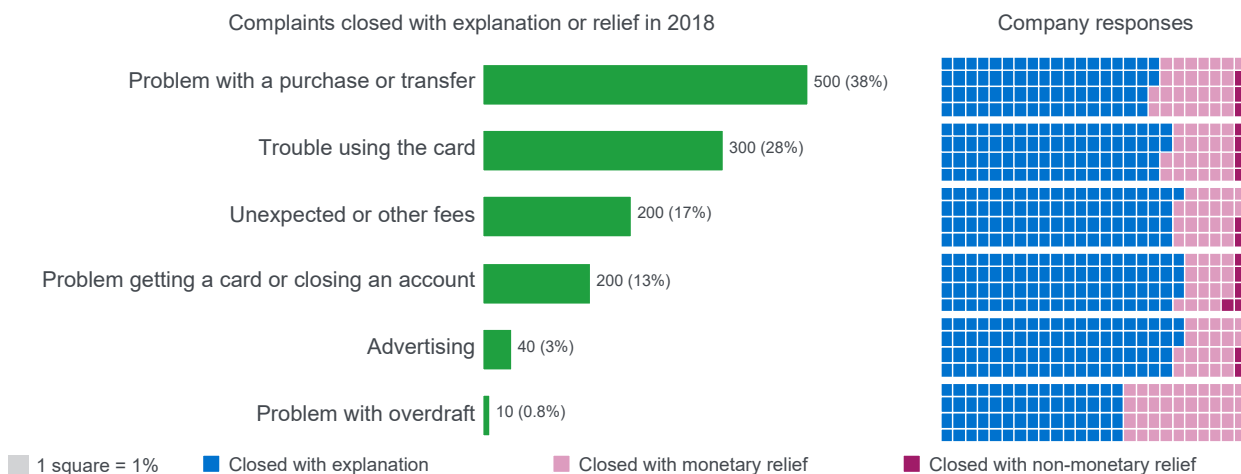
When submitting prepaid card complaints, consumers specify the type of product. Options include: general-purpose prepaid card; gift card; government benefit card; payroll card; and, student prepaid card. In 2018, general-purpose prepaid cards were the most complained about prepaid product type (see Figure 48).

**FIGURE 48: PREPAID COMPLAINTS BY TYPE OF CARD AND OUTCOMES**



Consumers also identify the issue that best describes the problem they experienced. For prepaid card complaints, options include: advertising; problem getting a card or closing an account; problem with a purchase or transfer; problem with overdraft; trouble using the card; and, unexpected or other fees. In 2018, problem with a purchase or transfer was the most common issue (see Figure 49).

**FIGURE 49: PREPAID COMPLAINTS BY ISSUES AND OUTCOMES**



For prepaid card customers, a large portion of their complaints involved claims that transactions were fraudulent. Many of these complaints involved claims of identity theft or scams. Companies generally handled these complaints as unauthorized transactions, which included investigating the claims and issuing a replacement card. For a number of these complaints, the prepaid card provider approved consumers’ claims and returned money to their customer. This, in part, explains the relatively high rate of monetary relief for these complaints.

A number of consumers complained about the inability to access funds—including direct deposits—that they loaded onto their prepaid cards. Frequently, consumers claimed to have suffered negative consequences because of fund availability issues. Companies pointed to technical issues as the source of the problems and sometimes reported providing goodwill credits to affected consumers.

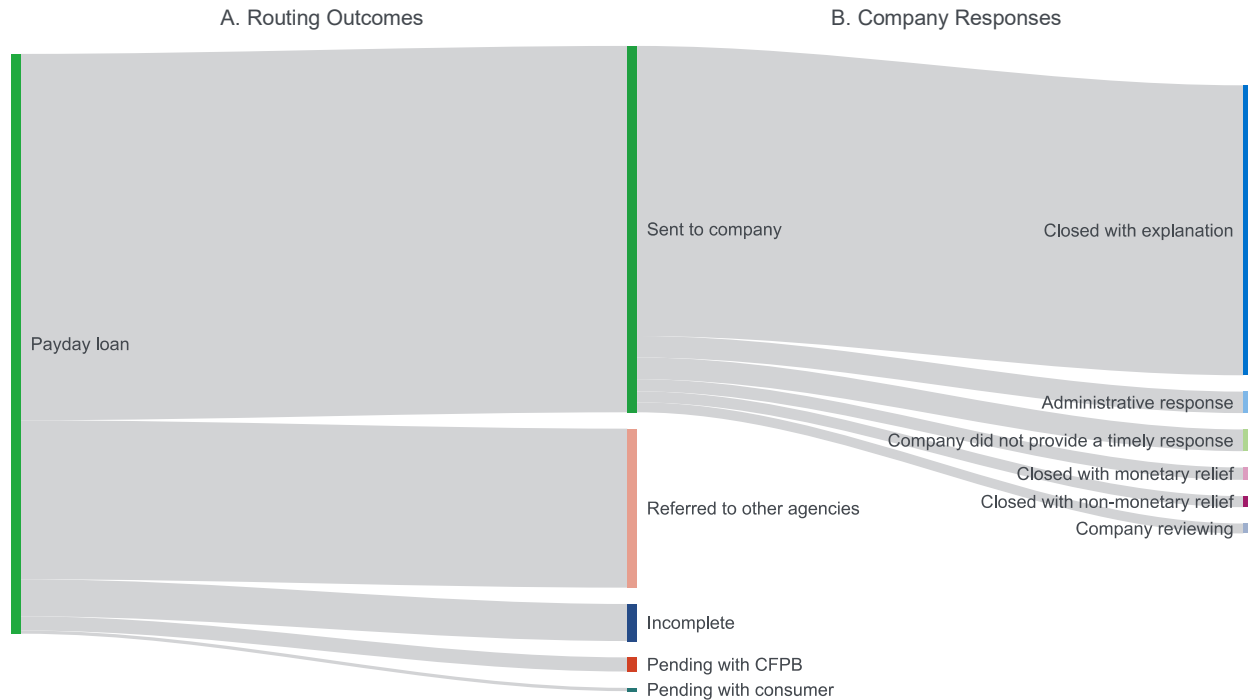
Some consumers, especially consumers with gift cards, complained about fees. These complaints frequently involved inactivity fees, card replacement fees, and other fees. Some consumers claimed that they were not aware of these fees at the time of purchase.

## 4.11 Payday loans

The Bureau received approximately 2,300 payday loan complaints in 2018. The Bureau sent approximately 1,500 (or 63%) of these complaints to companies for review and response, referred 27% to other regulatory agencies, and found 6% to be incomplete. At the end of 2018, 1% of payday loan complaints were pending with the consumer and 2% were pending with the Bureau (see Figure 50A, Routing Outcome).

Companies responded to approximately 94% of payday loan complaints sent to them for review and response. Companies closed 79% of complaints with an explanation, 3% with monetary relief, and 3% with non-monetary relief. Companies used an administrative response for 6% of complaints. At the end of 2018, 3% of complaints were pending review by the company. Companies did not provide a timely response for 6% of complaints (see Figure 50B, Company Responses).

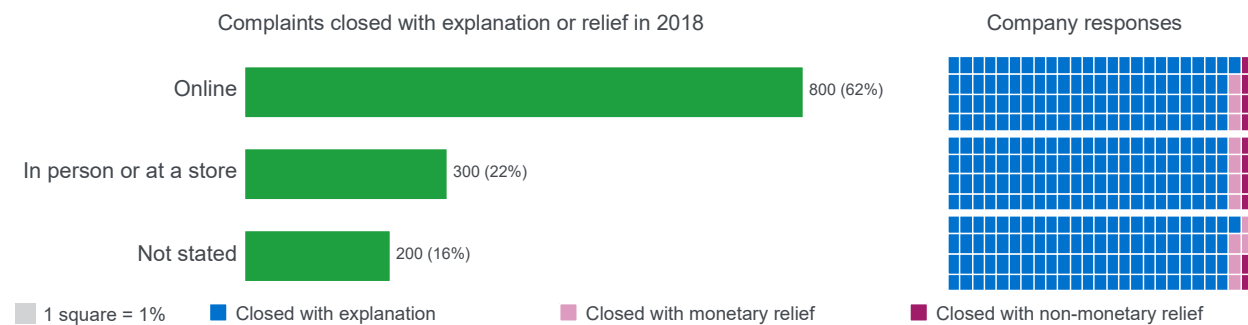
**FIGURE 50: PAYDAY LOAN COMPLAINTS BY OUTCOMES**



The remainder of this analysis focuses only on those payday loan complaints for which the company confirmed a commercial relationship with the consumer and responded with an explanation or relief (i.e., complaints closed with explanation, closed with non-monetary relief, and closed with monetary relief).

When submitting payday loan complaints, consumers specify whether they obtained the loan online or at a store (in person). In 2018, consumers complained about payday loans obtained online more than payday loans obtained at a store (see Figure 51).

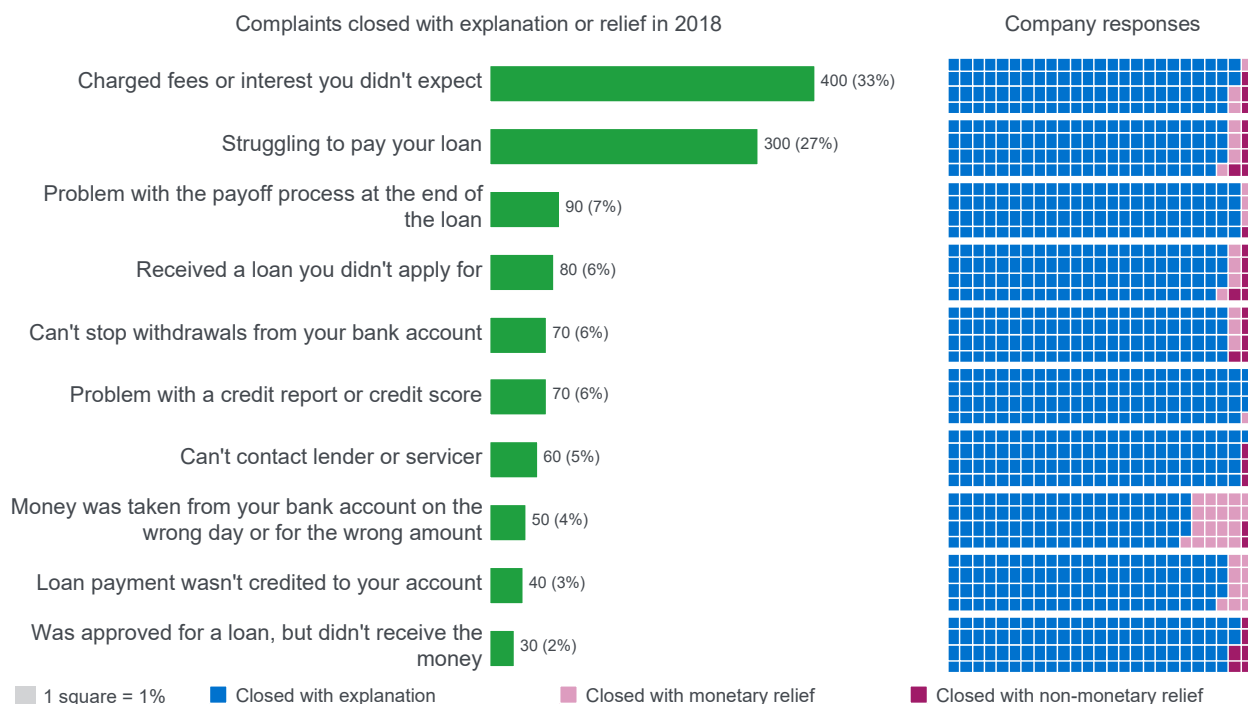
**FIGURE 51: PAYDAY LOAN COMPLAINTS BY LOAN SOURCE AND OUTCOMES**





Consumers also identify the issue that best describes the problem they experienced. For payday loan complaints, options include: cannot contact lender or servicer; cannot stop withdrawals from bank account; charged unexpected fees or interest; loan payment was not credited to account; money was taken from bank account on the wrong day or for the wrong amount; problem with a credit report or credit score; problem with the payoff process at the end of the loan; received a loan consumer did not apply for; struggling to pay loan; and, was approved for a loan, but didn't receive the money. In 2018, charged unexpected fees or interest was the most common issue (see Figure 52).

**FIGURE 52: PAYDAY LOAN COMPLAINTS BY ISSUES AND OUTCOMES**



More than one-third of consumers identified issues regarding unexpected fees or interest charges. Frequently, these consumers claimed that they did not know or understand the interest rates that their payday lender charged for their loans. Some of these consumers mentioned state laws that they thought created a maximum interest rate. Other consumers expressed confusion about the repayment schedule for their loan, and had questions about how the loan would amortize without additional payments.

Some consumers noted that they were having difficulty paying back loans. These consumers often mentioned that they took out these loans because of temporary financial difficulties. These consumers sometimes also mentioned getting caught in a cycle of lending, which led to using new payday loans to repay prior loans. Consumers who reported defaulting on their loans

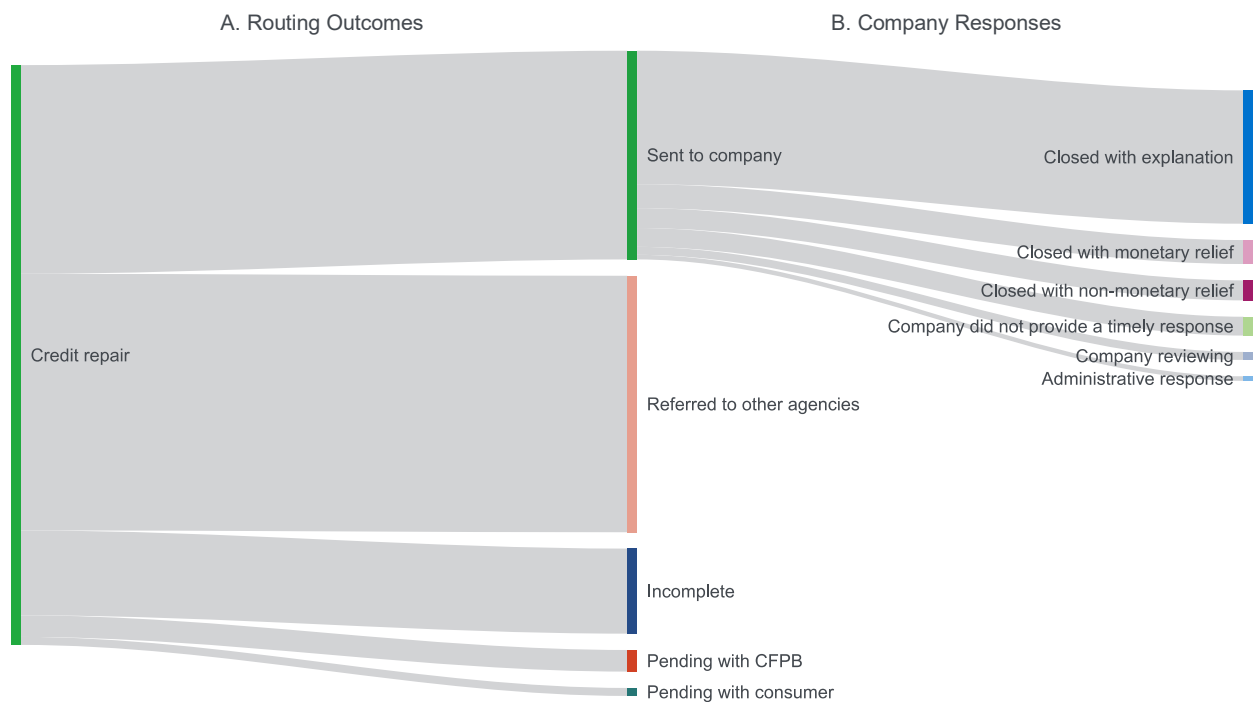
frequently raised concerns regarding certain collection tactics, such as calls to work, calls to home, and threats of legal action.

## 4.12 Credit repair

The Bureau received approximately 1,000 credit repair complaints in 2018. The Bureau sent approximately 360 (or 36%) of these complaints to companies for review and response, referred 44% to other regulatory agencies, and found 15% to be incomplete. At the end of 2018, 1% of credit repair complaints were pending with the consumer and 4% were pending with the Bureau (see Figure 53A, Routing Outcomes).

Companies responded to approximately 91% of credit repair complaints sent to them for review and response. Companies closed 64% of complaints with an explanation, 11% with monetary relief, and 10% with non-monetary relief. Companies used an administrative response for 2% of complaints. At the end of 2018, 4% of complaints were pending review by the company. Companies did not provide a timely response for 9% of complaints (see Figure 53B, Company Responses).

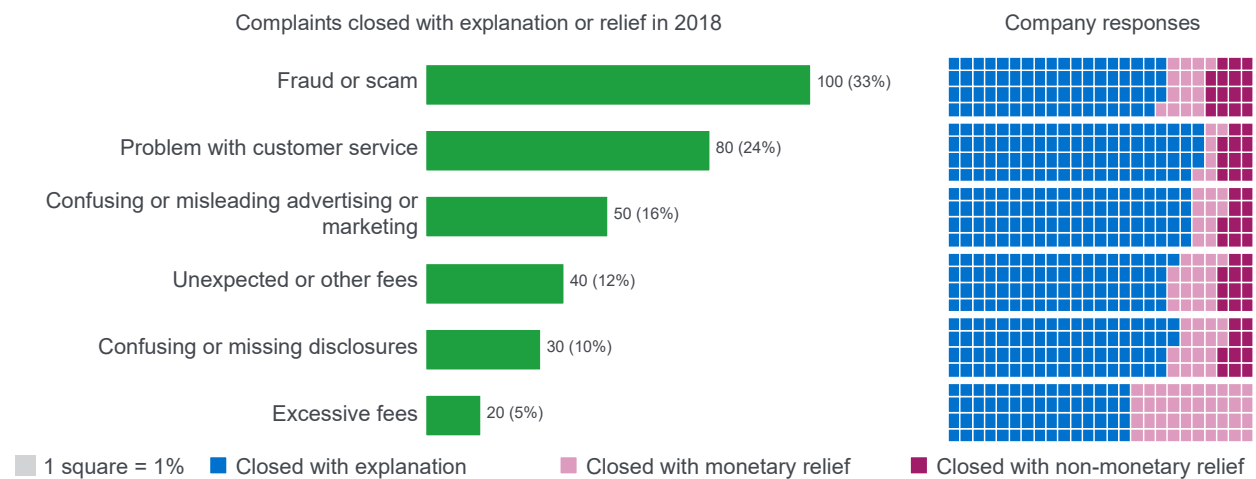
**FIGURE 53: CREDIT REPAIR COMPLAINTS BY OUTCOMES**



The remainder of this analysis focuses only on those credit repair complaints for which the company confirmed a commercial relationship with the consumer and responded with an explanation or relief (i.e., complaints closed with explanation, closed with non-monetary relief, and closed with monetary relief).

Consumers identify the issue that best describes the problem they experienced. For credit repair complaints, options include: confusing or misleading advertising or marketing; confusing or missing disclosures; excessive fees; fraud or scam; problem with customer service; and, unexpected or other fees. In 2018, fraud or scam was the most common issue (see Figure 54).

**FIGURE 54: CREDIT REPAIR COMPLAINTS BY ISSUES AND OUTCOMES**



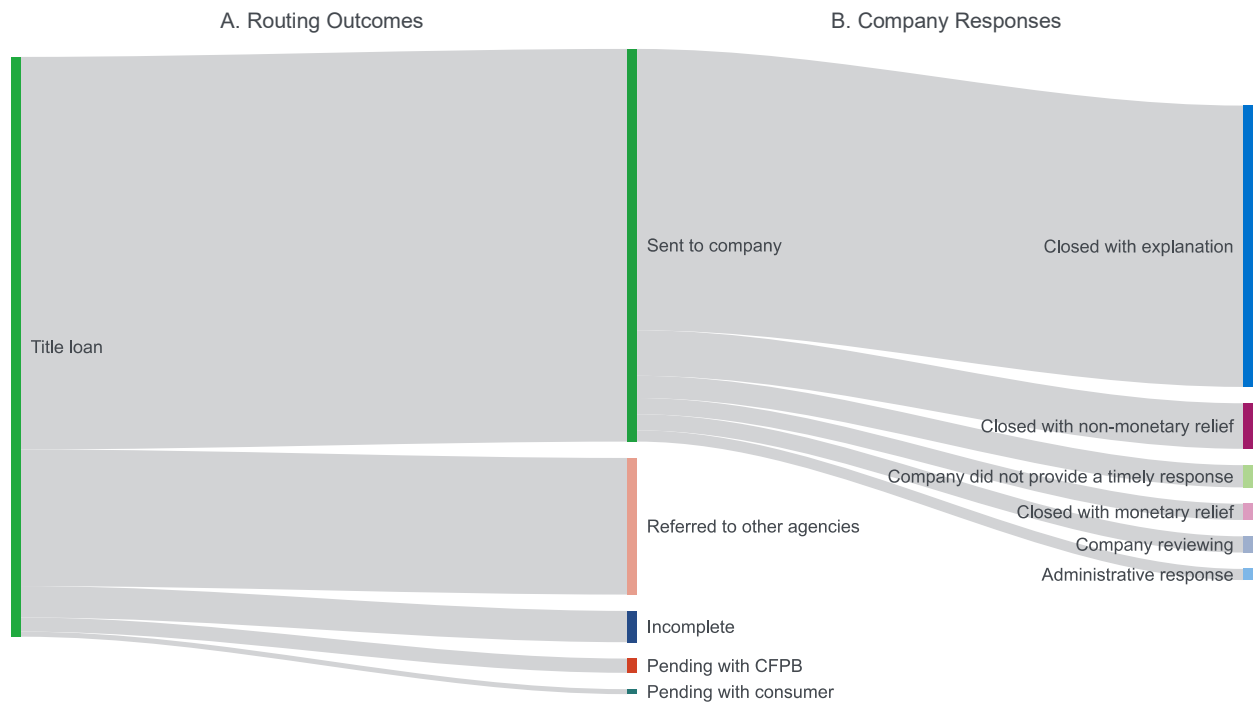
The majority of consumers who submit credit repair complaints expressed concern about the quality and effectiveness of the services they received. Many of the complaints involved contracts for ongoing credit repair and consumer reporting services. Consumers stated that they experienced difficulty cancelling the contracts with credit repair companies. Credit repair companies regularly reported providing refunds to consumers under these circumstances.

## 4.13 Title loans

The Bureau received approximately 600 title loan complaints in 2018. The Bureau sent approximately 410 (or 68%) of these complaints to companies for review and response, referred 24% to other regulatory agencies, and found 5% to be incomplete. At the end of 2018, 1% of title loan complaints were pending with the consumer and 2% were pending with the Bureau (see Figure 55A, Routing Outcomes).

Companies responded to approximately 94% of title loan complaints sent to them for review and response. Companies closed 72% of complaints with an explanation, 12% with non-monetary relief, and 4% with monetary relief. Companies used an administrative response for 3% of complaints. At the end of 2018, 4% of complaints were pending review by the company. Companies did not provide a timely response for 6% of complaints (see Figure 55B, Company Responses).

**FIGURE 55: TITLE LOAN COMPLAINTS BY OUTCOMES**

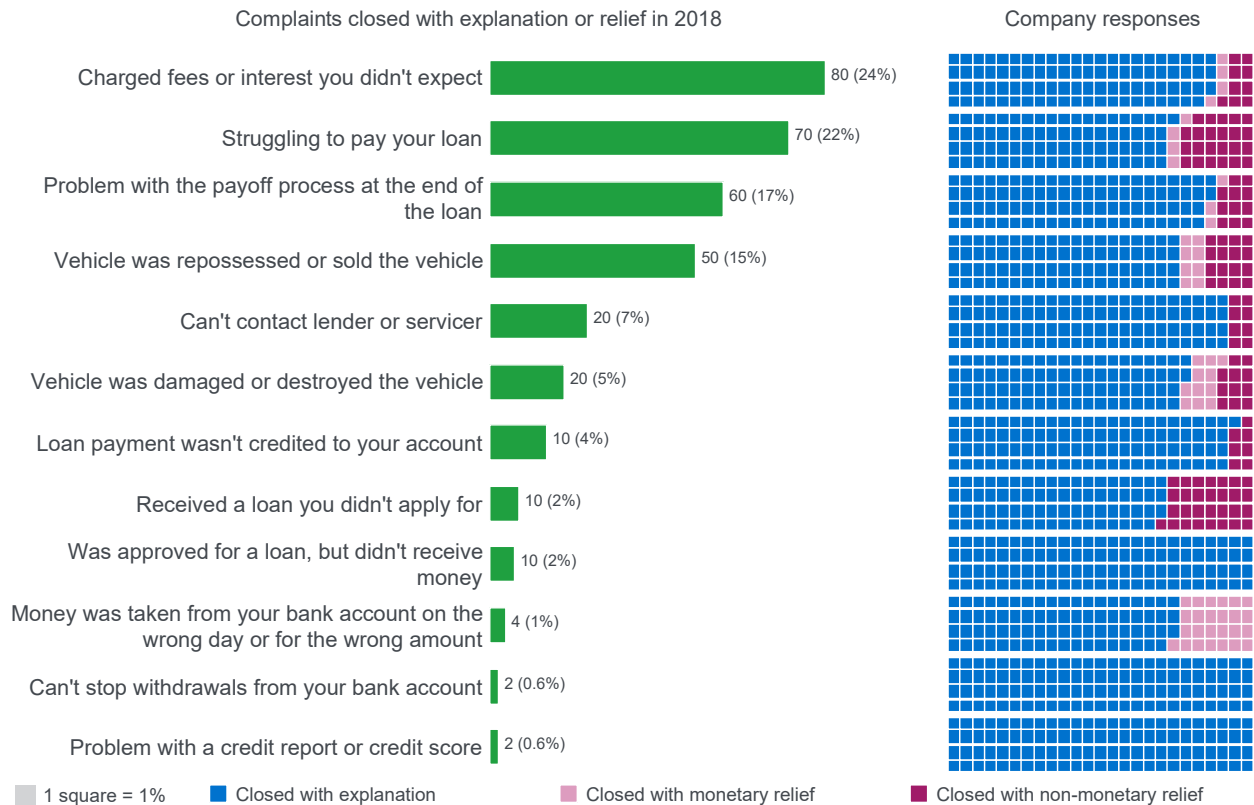


The remainder of this analysis focuses only on those title loan complaints for which the company confirmed a commercial relationship with the consumer and responded with an explanation or relief (i.e., complaints closed with explanation, closed with non-monetary relief, and closed with monetary relief).

When submitting title loan complaints, consumers identify the issue that best describes the problem they experienced. For title loans, options include: cannot contact lender or servicer; cannot stop withdrawals from bank account; charged unexpected fees or interest; loan payment was not credited to account; money was taken from bank account on the wrong day or for the wrong amount; problem with a credit or consumer report; problem with the payoff process at the end of the loan; received a loan consumer did not apply for; struggling to pay loan; vehicle was damaged or destroyed the vehicle; vehicle was repossessed or sold the vehicle; and, was

approved for a loan, but did not receive money. In 2018, charged unexpected fees or interest was the most common issue (see Figure 56).

**FIGURE 56: TITLE LOAN COMPLAINTS BY ISSUES AND OUTCOMES**



Nearly one-quarter of the consumers who submitted a title loan complaint identified unexpected fees or interest as the primary issue in their complaint. Many of these consumers stated that they did not understand the terms—including finance charges, additional fees, and repayment schedule—of their title loan. Some consumers explicitly claimed that the title loan company misled them about the terms. Companies frequently responded to these complaints by denying any wrongdoing and by stating that they provided required disclosures to consumers at the time of origination.

Complaints regularly involved consumers with loans that are in a delinquent status, or at risk of default. For consumers with title loans, this sometimes means repossession or voluntary surrender of their vehicle to the lender. Consumers sometimes complain about the repossession process, including repossessions that they assert are not fair because of the time, place, or manner of the repossession. Some consumers also successfully redeem their vehicles after a voluntary surrender or repossession. These consumers expressed concerns about the condition

of their vehicle following redemptions. Consumers who reported successfully repaying their loans raised concerns about receiving a satisfaction of lien and a timely return of their title.

# 5. Conclusion

In 2018, Consumer Response continued to enhance its capabilities to analyze consumer complaints, company responses, and consumer feedback by developing additional internal tools and technologies. These help the Bureau understand trends over time, relationships between sets of complaints, and geographic variations. Spikes in complaints trigger near-real-time alerts, prompting additional analysis.

These tools support the work of Consumer Response to assess the accuracy, completeness, and timeliness of company responses, and ensure that the Bureau and other regulators have useful information about consumer complaints concerning financial products and services. Complaints help the Bureau in its work to regulate consumer financial products and services under existing federal consumer financial laws, enforce those laws judiciously, and educate and empower consumers to make better-informed financial decisions to reach their own life goals.

# Appendix

TABLE 5: TOTAL COMPLAINTS BY STATE AND PRODUCT IN 2018

	Checking or savings	Credit card	Credit or consumer reporting	Credit repair	Debt collection	Money transfer or service, virtual currency	Mortgage	Payday loan	Personal loan	Prepaid card	Student loan	Title loan	Vehicle loan or lease	Grand Total
Alabama	198	259	1,755	16	1,048	53	293	43	86	35	135	9	117	4,047
Alaska	24	36	119	0	111	16	38	1	5	2	18	0	5	375
American Samoa	0	0	1	0	0	2	0	0	0	0	0	0	0	3
Arizona	515	545	2,306	22	1,988	155	569	39	85	53	227	35	203	6,743
Arkansas	104	127	860	6	572	34	118	9	24	20	61	4	45	1,984
California	3,656	4,193	15,355	133	9,403	1,218	4,339	238	547	394	1,103	92	933	41,613
Colorado	370	510	1,440	21	1,126	147	503	29	57	44	226	5	132	4,610
Connecticut	378	402	816	10	645	101	418	15	31	25	135	5	86	3,070
Delaware	111	168	491	3	286	22	152	15	31	12	37	0	43	1,371
District of Columbia	163	168	548	5	352	49	122	8	12	16	97	2	40	1,582



	Checking or savings	Credit card	Credit or consumer reporting	Credit repair	Debt collection	Money transfer or service, virtual currency	Mortgage	Payday loan	Personal loan	Prepaid card	Student loan	Title loan	Vehicle loan or lease	Grand Total
Federated States of Micronesia	11	10	28	0	34	2	4	0	1	0	0	0	0	90
Florida	2,392	2,492	14,240	73	8,171	634	2,983	163	312	176	707	35	764	33,151
Georgia	1,086	998	9,221	51	4,489	300	1,406	78	176	113	423	31	422	18,797
Guam	1	4	22	0	4	4	2	0	2	0	1	0	1	41
Hawaii	63	97	425	6	186	27	91	9	8	6	24	0	16	958
Idaho	56	90	219	1	234	26	80	8	15	13	64	2	19	827
Illinois	1,066	1,014	6,329	22	3,014	286	952	63	143	105	376	21	258	13,652
Indiana	235	305	1,300	7	1,061	75	311	67	57	35	165	11	104	3,733
Iowa	72	117	297	17	389	42	116	11	23	17	60	5	26	1,192
Kansas	108	125	457	8	500	33	103	24	30	21	63	4	39	1,515
Kentucky	127	165	743	7	680	52	158	21	29	31	111	5	56	2,187
Louisiana	239	234	2,196	28	1,392	104	402	49	89	35	103	21	97	4,989
Maine	49	99	134	4	203	15	80	6	8	12	41	0	14	665
Marshall Islands	0	0	0	0	0	0	0	0	0	1	0	0	0	1
Maryland	620	651	2,645	33	1,793	176	958	89	103	56	281	18	235	7,659
Massachusetts	513	667	1,377	20	1,041	167	705	32	49	36	242	3	145	4,998
Michigan	503	647	2,675	32	1,978	161	515	53	75	46	305	11	185	7,187
Minnesota	278	366	814	7	647	84	286	29	47	36	176	3	89	2,863
Mississippi	83	122	1,267	7	538	28	143	12	46	15	98	8	56	2,424
Missouri	284	369	2,143	20	1,388	91	382	36	85	32	166	5	158	5,159

	Checking or savings	Credit card	Credit or consumer reporting	Credit repair	Debt collection	Money transfer or service, virtual currency	Mortgage	Payday loan	Personal loan	Prepaid card	Student loan	Title loan	Vehicle loan or lease	Grand Total
Montana	38	48	137	4	159	17	49	9	8	3	22	1	19	514
Nebraska	64	98	194	8	201	27	76	17	17	12	37	0	25	777
Nevada	370	372	1,667	17	1,106	103	351	38	47	38	89	4	130	4,334
New Hampshire	63	103	205	4	198	25	135	4	10	3	66	2	41	859
New Jersey	1,003	1,098	3,940	24	2,458	267	1,422	88	102	74	285	13	331	11,110
New Mexico	80	98	417	2	328	27	118	5	24	11	28	1	31	1,170
New York	2,168	2,467	7,721	66	4,268	586	1,919	31	154	157	683	17	433	20,679
North Carolina	603	722	5,475	27	2,416	166	827	65	107	64	258	13	250	10,995
North Dakota	9	27	89	2	117	9	18	4	2	1	21	0	2	301
Northern Mariana Islands	0	0	0	0	1	0	0	1	0	0	0	0	0	2
Ohio	778	952	3,300	27	2,517	210	668	145	131	71	400	29	262	9,493
Oklahoma	140	189	609	2	665	48	174	29	40	27	79	2	61	2,065
Oregon	218	323	623	12	680	78	300	22	43	27	129	5	42	2,502
Pennsylvania	965	993	4,115	34	2,552	226	1,056	75	130	85	517	23	267	11,044
Puerto Rico	47	87	269	7	135	8	130	0	12	6	25	0	26	752
Rhode Island	90	102	234	5	194	10	98	7	9	11	34	0	31	826
South Carolina	215	307	2,862	9	1,444	79	405	58	115	32	163	15	146	5,851
South Dakota	31	25	66	1	111	4	25	4	6	6	16	0	22	317
Tennessee	340	355	2,470	16	1,499	97	533	59	114	40	161	11	103	5,799
Texas	1,760	2,012	12,323	77	9,817	519	1,946	239	326	172	679	48	734	30,666

	Checking or savings	Credit card	Credit or consumer reporting	Credit repair	Debt collection	Money transfer or service, virtual currency	Mortgage	Payday loan	Personal loan	Prepaid card	Student loan	Title loan	Vehicle loan or lease	Grand Total
United States	2	6	6	0	14	0	10	1	0	0	1	0	2	42
Minor Outlying Islands														
U.S. Armed Forces – Americas	3	0	3	0	0	0	2	0	0	1	1	0	0	10
U.S. Armed Forces – Europe	4	11	46	0	19	7	7	1	2	0	7	0	2	106
U.S. Armed Forces – Middle East	2	2	0	0	1	0	1	0	0	0	0	0	0	6
U.S. Armed Forces – Pacific	4	6	40	0	27	4	4	0	0	0	1	0	1	87
Utah	114	157	1,038	8	577	45	154	20	25	16	50	1	43	2,248
Vermont	28	41	61	0	37	7	42	3	8	4	19	0	18	268
Virgin Islands	2	4	5	0	6	1	9	0	0	0	1	0	1	29
Virginia	660	800	2,536	29	2,097	228	879	84	162	68	331	13	227	8,117
Washington	448	570	1,496	15	1,236	200	644	45	77	45	259	7	104	5,149
West Virginia	55	75	204	3	192	20	51	2	12	15	42	3	27	701
Wisconsin	278	339	1,041	11	830	74	277	29	53	30	136	4	83	3,185
Wyoming	23	31	41	1	82	9	43	3	2	7	14	0	12	268
Unspecified	1,950	1,255	2,794	47	2,255	935	1,489	88	268	185	379	26	367	12,055
<b>Total</b> <sup>49</sup>	<b>25,860</b>	<b>28,655</b>	<b>126,250</b>	<b>1,017</b>	<b>81,512</b>	<b>8,140</b>	<b>30,091</b>	<b>2,323</b>	<b>4,182</b>	<b>2,598</b>	<b>10,378</b>	<b>573</b>	<b>8,131</b>	<b>329,813</b>

<sup>49</sup> Total column includes approximately 100 complaints where no specific consumer financial product was selected by consumers.