

Financial Institutions Voice Concerns about CFPB Proposal to Publish Narrative Consumer Complaint Data

December 22, 2014

In our last issue, we discussed the Consumer Financial Protection Bureau (CFPB) proposal to publicly disclose consumer complaint details filed via its web-based public consumer complaint database by including an unstructured consumer narrative of the events leading to the complaint. The proposal's comment period expired on September 22. The CFPB received several comments in favor of the concept from consumers and consumer groups. On the final day of the comment period, however, counsel for several large financial institutions submitted a lengthy comment describing industry concerns about, and objections to, the CFPB's policy statement (Statement) in support of the proposal. **They asserted that the proposal would have "serious negative consequences for financial institutions with little or no corresponding benefit to consumers."** The specific concerns mentioned included that the CFPB had not shown that the publication of narratives would improve consumer choice or purchasing decisions, and that the Statement did not resolve privacy concerns regarding the narratives' publication. For example, the comment notes that the proposal to "scrub" personally identifiable information from the narratives to protect consumers' privacy would remove references to dates, locations, and other descriptive information needed for the industry to respond to the complaints. Additionally, and consistent with the reputational risk we mentioned in our last issue of *Expect Focus*, the comment also asserts that publication of narratives would create financial and reputational risks for financial institutions, stating that even permitting institutions to respond would not prevent the circulation of potentially erroneous information through publication of narratives. For example, consumers who review the CFPB website might get "the impression that any published narrative represents a legitimate dispute ... regardless of the complaint's merit", amounting to "regulation by anonymous online reviews," given that the information would be published on the CFPB's "official" website.

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