



September 22, 2014

Ms. Monica Jackson
Office of the Executive Secretary
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20552

RE: Disclosure of Consumer Complaint Narrative Data - Docket No. CFPB-2014-0016

VIA ELECTRONIC MAIL: www.regulations.gov

Dear Ms. Jackson,

The Michigan Credit Union League (MCUL), the statewide trade association representing 97% of the credit unions located in Michigan and their 4.5 million members, appreciates the opportunity to comment on the Consumer Financial Protection Bureau's (CFPB's) request for comment on its proposed policy statement regarding the disclosure of consumer complaint narrative data.

The MCUL understands the benefit regulators provide by investigating complaints from consumers and requiring quick remediation when they find that a complaint is justified. Credit Unions pride themselves on member service and each complaint received is carefully vetted within their appropriate business units. It is also worth noting that credit unions receive comparatively few complaints.

Disclosure of Consumer Complaint Narrative Data

The CFPB is broadly seeking comments related to the proposed extension of the policies regarding the Consumer Complaint Database to include complaint narratives. Of particular concern is the strong possibility of inaccurate or unfounded consumer complaints being posted, and the reputational risk such complaints represents for credit unions. The MCUL is deeply concerned that there is no real process proposed for vetting complaints prior to publication to the public database. As previously discussed, credit unions take great care in addressing their members' complaints directly and work diligently to maintain strong, ongoing relationships with their members. Absent some protocol or process to determine whether a claim has any substance prior to posting, these efforts at diligence and service will be thwarted, and the door will be open to careless or even malicious reputational attacks by disaffected consumers or even competitors.

The CFPB acknowledges within the proposed policy statement: "There is a major risk associated with publishing narratives which arises from the fact that the narratives may contain factually incorrect information as a result of, for example, a complainant's misunderstanding or misrecollection of what happened. If consumers were to rely without question on all narrative data, it is possible that subsequent purchasing decisions may be based on misinformation. To the extent this risk may be realized, both consumers and the financial institutions that lose business due to misinformation would be disserved. Indeed, even absent any effect on consumer decision-making, there is a risk

that financial institutions could incur intangible reputational damage as a result of the dissemination of complaint narratives.”

The CFPB’s proposed policy statement provides for the public release of the company’s response to the consumer complaint with a side-by-side scrubbed publication of the complaint and the company response. However, once the initial complaint is disclosed publicly, the potential damage to a credit union’s reputation is already done. While the credit union would eventually have their rebuttal published, consumers have already had the opportunity to review complaints about the institution. This type of publication would create an obvious and serious risk that premature or inaccurate information would be interpreted by the public as true and substantiated because it is found on a government website. Credit unions are a highly regulated business and should not be subject to potential libel in such a manner.

The CFPB indicated in its policy statement: “The publication of narratives involves risks, including the potential harm associated with the re-identification of actual consumers within the Consumer Complaint Database.” While certainly a concern for consumers, the reverse is also a concern. With regard to rebuttal of a complaint for publication, a credit union likely cannot always provide specific enough references to adequately defend itself or its decisions. For example, a credit union member submits a complaint that they were wrongfully denied a loan. Credit unions have sound underwriting policies and procedures and provide equal treatment to membership. Loan decisions are based on a variety of factors such as credit score and ability to repay the loan requested. The credit union cannot provide the specific reasons for denial in its rebuttal of the complaint, as it could run the risk of disclosing the member’s personal, non-public information. While the CFPB has indicated the data from the consumer and the company would be scrubbed of any personal information, protecting the member, the credit unions response in some situations could be perceived as formulaic and “corporate” – a far cry from the individualized member efforts that are actually occurring to remedy legitimate complaints.

Conclusion

The MCUL understands the importance of a sound complaint system for consumers as well as the benefit regulators provide by investigating consumer complaints. However, credit unions were not the bad actors in the financial crisis that resulted in the passage of Dodd-Frank and the creation of the CFPB. The National Credit Union Administration (NCUA) and credit union state examiners evaluate credit unions’ member complaint processes thoroughly, and as previously discussed, credit unions take great care in managing and responding to any and all complaints received. Therefore the MCUL does not believe the proposed complaint narrative is necessary, and may in fact be actively harmful from a reputational standpoint.

The MCUL respectfully urges the CFPB to reconsider this proposed policy statement due to the inherent and significant reputational risks the policy would impose.

Sincerely,

A handwritten signature in black ink, appearing to read 'K. Ross', with a stylized flourish at the end.

Ken Ross
Executive Vice President & Chief Operating Officer