



**America's
Credit Unions**

May 6, 2024

Comment Intake - PRA Office
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

RE: Consumer Complaint Survey (Docket No. CFPB-2024-0007)

Dear Sir or Madam:

On behalf of America's Credit Unions, I am writing in response to the notice and request for comment (RFC) issued by the Consumer Financial Protection Bureau (CFPB or Bureau) regarding its new information collection titled "Consumer Complaint Survey." America's Credit Unions is the voice of consumers' best option for financial services: credit unions. We advocate for policies that allow the industry to effectively meet the needs of their nearly 140 million members nationwide. America's Credit Unions and its member credit unions appreciate the opportunity to provide input on the proposed information collection. While the objective of these surveys is commendable, we are concerned about potential harm that might arise from data inaccuracies, particularly given the deficiencies in the Bureau's current consumer complaint collection. We urge the Bureau to establish a strong verification process to confirm the accuracy and legitimacy of consumer complaints. Furthermore, we recommend refraining from using data from these new surveys or the existing complaint database for any public disclosures, publications, or as evidence in supervisory or rulemaking procedures until a thorough verification system is implemented.

General Comments

Credit unions, with their not-for-profit, member-owned structure, are unique among financial institutions because of the inherent trust that their members place in them. This trust stems from the credit union model, which is built on community, member ownership, personalized service, and the efficient use of the financial resources entrusted to the credit union. When consumers join a credit union, they become *members*, and part of a cooperative where their interests are prioritized, fostering a strong sense of loyalty and trust. Given this foundational relationship, the risk to a credit union's reputation from inaccurate or misleading consumer complaints is substantial. Additionally, the risk to the credit union's financial wellbeing is challenged when it is forced to respond to frivolous, unsubstantiated complaints.

The Bureau's existing system for collecting consumer complaints has significant issues that call into question the reliability of the data gathered. Specifically, the Bureau's current process does not include verification of complaints, allowing for complaints that might not be factually accurate, those that are exaggerated, or even intentionally false or complaints that could be based

on misunderstandings. Additionally, complaints often lack context, offering only a fragmentary view of an issue. These limitations can result in a misunderstanding of the real problems faced by consumers and their financial service providers. Finally, there is a known risk of duplicate complaints, distorting the scope of certain issues and creating unnecessary burdens and uncertainty for the credit unions that must respond to these duplicate complaints. Although the Bureau purports to verify that complaints are original, America's Credit Unions' members have repeatedly reported ongoing challenges with having to address the same complaint more than once. This inconsistency can unfairly exaggerate the prevalence of a problem, leading to erroneous conclusions about financial institutions.

The Bureau's failure to verify complaints introduces the potential of false or misleading information impacting institutions like credit unions through reputation risk. In instances in which complaints are used as the basis for supervisory or regulatory action, they may be made public or used as evidence, and can create a perception of issues with an individual institution or systemic issues within the credit union industry undermining the trust that has been cultivated over years of service. The negative impact on a credit union's reputation can be significant, leading to loss of member confidence and potentially affecting membership growth and retention. Credit unions are particularly vulnerable to reputation risk because their success relies heavily on member relationships. A single inaccurate or misleading complaint, if widely disseminated, can quickly erode the trust that credit unions have built with their communities. This erosion of trust can have cascading effects, leading to unwarranted additional scrutiny from regulators, a decline in member satisfaction, and potential financial losses due to a reduction in member engagement and activity. In a competitive financial landscape, this damage to reputation can be difficult to recover from.

The potential harm to credit unions from flawed complaint data goes beyond regulatory consequences; it strikes at the heart of the credit union's identity as a trusted partner in its members' financial journeys. The CFPB should consider the unique position of credit unions and the potential damage that inaccurate or misleading complaint data can cause to these relationship-based financial institutions. We would also suggest that it is the very definition of a consumer "protection" agency to provide accurate information to the public and the consumers who obtain and use products about the responsibilities financial institutions have to their consumers and the reciprocal responsibilities consumers have to the financial institutions with which they engage. The complaints process should *not* be used to create a contentious relationship between consumers and the financial institution. Instead, it should be used as an educational opportunity to support the development of their financial maturity. This cannot be done with the publication of false or misleading information or the validating of frivolous complaint filings.

To address these concerns, we urge the CFPB to implement a robust verification process to ensure that consumer complaints are accurate and legitimate. This step will enhance the quality and reliability of the data collected through the proposed surveys. Additionally, we strongly advise against using data from these surveys in any public disclosure, publication, or evidentiary use in supervisory or rulemaking processes until a comprehensive verification system is in place.

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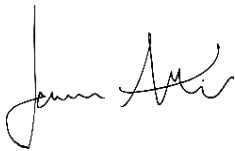
Finally, to understand the issues raised by consumer complaints more accurately, the CFPB should ensure that the data collected through these surveys includes sufficient context and information.

The credit union industry is dedicated to serving its members with integrity and transparency. We request that the CFPB exercise caution when using data from these surveys to avoid unjust consequences for relationship-based financial institutions. We appreciate your consideration of our comments and are available for further discussion or clarification as needed.

Conclusion

America's Credit Unions appreciates the opportunity to comment on the proposed information collection. If you have any questions, please do not hesitate to contact me at 703-842-2268 or jakin@americascreditunions.org.

Sincerely,

A handwritten signature in black ink, appearing to read "James Akin". The signature is fluid and cursive, with the first name "James" and last name "Akin" clearly distinguishable.

James C. Akin
Senior Regulatory Affairs Counsel