

THE NEW CFPB COMPLAINT NARRATIVES: NOTHING TO FEAR BUT FEAR ITSELF

SURPRISING ABSOLUTELY NO ONE, on March 12, the CFPB released its final policy to move forward with the publication of consumer complaint narratives in its massive online database system. The style and tone of the policy statement exhibits many of the hallmarks that have endeared the Bureau to private industry and the current majority in Congress. **To sum up:**

- The Bureau is proceeding despite the fact that virtually no one from private industry thought this was a good idea - and finding furthermore, not one of their many reasons for objecting had any validity.
- It is the Bureau's continuing opinion that none of the myriad of legal objections raised to their statutory authority or policy making process have any merit.

[Click here to read the entire 40+ page policy statement.](#)

Once I got past the **we-will-continue-to-do-whatever-we-please Preamble**, I really scoured the policy for the gritty operational details in search of the terrifying "bad news" that has industry publications buzzing the last couple weeks. And happily, at the end of the day, there are at least three reasons why it's not that scary at all. But first:

HERE ARE WHAT FNI CONSIDERS THE MOST IMPORTANT NUGGETS IN THE POLICY STATEMENT

- Substantively, complaints will be handled exactly the same way since 2012 and **will only be published if:**
 - Commercial relationship between the consumer and the company is verified.
 - Identity of the consumer is verified.
 - The complaint is **completely** entered (including consumer contact information).
 - The complaint is **not "feedback"**.
 - The complaint is **not an "inquiry"**.
- **No third party or representative complaints** will be published at this time.
- Consumer complaints are **free form narratives**, Company public responses must be **"structured"**, that is, **canned responses**, designed by the Bureau.
- Narrative complaints will be published **at the same time as a company's public reply** if received within 60 days. Companies may also make a non-canned, private response.
- While narratives are **not automatically removed** after a certain time or for status, a consumer may **withdraw consent to publish** at any time.

(1) THESE WILL NOT BE THE SAME KIND OF ONLINE NARRATIVES MOST BUSINESSES ARE WORRIED ABOUT.

For private industry, finance or otherwise, the scariest and most potentially damaging types of narrative complaints are those appearing on enormously popular complaint websites like "Ripoff Report" and "PissedOffConsumer", dot coms that thrive on allowing visitors to post completely unverified data about consumer transactions and in some cases even charging "fees" to victimized companies to remove or notate that the data is suspect. **Comparisons of the CFPB's narrative complaint policy to these consumer websites, long misused by consumers and easily manipulated by competitors in every industry, are not well founded.**

The most significant power (and consumer appeal) of the kind of complaint narratives found on these kind of dot coms is based on one single factor: **Complete consumer anonymity.** And while the CFPB will scrub narrative complaints for personal identifying data as far as what the world sees online, the consumer opting in to "tell their story" and publishing a complaint publicly will be far from anonymous - the Bureau's verification of both consumer identity and commercial relationship with the Company create critical distinctions between the kind of narratives likely to result and what everyone familiar with Internet complaint websites thinks about when they hear "narrative complaints".

(2) MOST COMPANIES ALREADY HAVE A PROCESS FOR HANDLING THESE KIND OF COMPLAINTS.

What the CFPB has decided to implement is much more analogous to the kind of narratives currently published via the Better Business Bureau or by individuals through major social media outlets and industry rating websites. And most companies already have policies and procedures and resources dedicated to handle them.

Yes, it is arguably a new burden to have one more channel to address consumer complaints. **But, here's where the on-the-surface inequality of a free form consumer narrative vs. canned company response is actually a blessing in disguise for the industry:** First and foremost, it levels the playing field so that every company's response is precisely the same and **Second**, it is very efficient - a cheap and fast way to at least initially respond to these kinds of complaints.

The policy's "structured response" process is also a big part of the reason why the CFPB's laudable "Tell Us Your Story" concept will ultimately have little value to consumers or the Bureau's mission - and little practical impact on the industry.

Continued on Page 2 ----->

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(3) CONSUMERS WILL NOT LIKELY READ THIS STUFF VERY MUCH.

So, when was the last time you checked all the state and federal government industry regulatory websites before you purchased a house, car, or a cell phone. Or how about when you opened a bank account?

That's what I thought. On the other hand, when you last booked a new hotel, vacation or restaurant reservation, did you read a bunch of reviews about it first? I bet you did.

We're all pretty experienced consumers - and it doesn't take an SEO expert to know that consumers are driven to online content that is ENGAGING. A million websites are fighting for visitors and readers every moment, and government websites, with the possible exception of the IRS' page for a 7 day window every April, are not ordinarily big competitors for consumer attention.

In this case, The Bureau's policy will lead to a website that is precisely the opposite of engaging. Consumers read the popular dot com complaint sites for the *pure, unfiltered voice of the angry consumer* - made especially entertaining thanks to the *shield of anonymity*. And they read TripAdvisor or Expedia reviews to see *personal stories*, maybe even some pictures, and to consider the *thoughtful (or not) company responses*. Ultimately, The CFPB's "scrubbed" complaints and company "structured responses" are just not going to cut it for web surfing consumers.

BE PREPARED ANYWAY: HERE'S WHY FNI BELIEVES RESPONDING TO NARRATIVES MAKES GOOD SENSE.

One of the biggest unknowns in the policy is precisely what the "structured" Company response options will be. And actually it matters very little - what does matter is that that every Company will be bound to use the same. So, since all company public answers will appear the same, from a web surfing consumer perspective, the only real distinguishing features of the narrative database will be a) volume of complaints and b) whether companies responded publicly or not. Accordingly, it seems clear that companies ought to be prepared to 1) Resolve published or pre-published complaints so that customers may choose to opt-out of publication and 2) Timely answer designated complaints with whatever "structured responses" are made available (to prevent a narrative appearing alone without a visible company response).

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Take Action! author and [FNI President David Bafumo](#) has over 15 years of experience as a trusted advisor to consumer and auto finance companies for add-on product programs, sales training & management and consumer protection compliance. David received his JD from Washington & Lee Law School and is a member of the Virginia State Bar.

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