



September 22, 2014

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

Re: Docket No. CFPB-2014-0016; Proposed Policy Statement on Disclosure of Consumer Complaint Narrative Data

Dear Ms. Jackson:

The National Association of State Credit Union Supervisors (NASCUS)¹ appreciates the opportunity to comment on the Consumer Financial Protection Bureau's proposed policy statement on the disclosure of consumer complaint narrative data. States have historically been at the forefront of efforts to strengthen consumer financial protections and understand that a strong consumer protection framework is vital to the health and success of our financial system. We appreciate the great strides the Bureau has made in developing a culture of transparency and responsiveness in financial institutions. As the Bureau continues to expand the breadth and capabilities of the Consumer Complaint Database, state credit union regulators urge the agency to continue to carefully consider the implications of the proposed modifications for consumers and financial institutions if the database becomes a central repository for all types of consumer complaints.

Just as engendering conversation around consumer financial products and services is an important goal, so is the need to promulgate accurate information about financial industry practices and educate consumers about their financial rights and responsibilities. Unverified complaints, even in critical volumes, may have limited value in "improv[ing] the functioning, transparency, and efficiency" of consumer financial markets.

It has been the collective experience of state credit union regulators that unverified complaints can be an unreliable source of information. Many financial transactions are inherently complex and some level of investigation is usually necessary to determine whether a complaint reflects wrongdoing on behalf of the financial institution, or confusion on behalf of a consumer. To the extent that the Bureau is using narrative data to encourage additional complaint filings, it should distinguish between verified and unverified allegations, or delay publication until the complaint has been resolved and a complete picture can be presented.

The greatest potential value of the database is its capacity for consumer education and empowerment around *verified* bad acts and practices of financial institutions. As the federal financial regulator that sets the national standard for consumer protection, the Bureau should

¹ NASCUS is the professional association of the nation's state credit union regulatory agencies.

carefully weigh the potential for consumer confusion around inaccurate reports of financial institution wrongdoing.

The ability to present a factual accounting of events on a government sponsored website is a powerful tool. Providing equal weight and power to substantiated and potentially inaccurate or disingenuous complaints will force financial institutions to spend equal time drafting public responses to both types of narratives. Although this may not create an untenable burden on the largest financial institutions, it would strain the resources of moderately-sized institutions and could impede their efforts to identify and correct legitimate problems. If the ultimate vision is to create a central database of all complaints from all financial institutions across the country, the inclusion of narrative data could create a significant regulatory burden on smaller institutions. The Bureau should also consider means to mitigate the reputation risks to institutions from inaccurate complaints, and work to accommodate state laws regarding confidentiality of a variety of sensitive information.

Overall, state credit union regulators believe that the risks and potential complications of including narrative complaint data outweigh the potential benefits of increased complaint filings. We note that the Bureau's website already has a "Tell Your Story," function that gathers this type of narrative information independently from the complaint process. NASCUS encourages the Bureau to maintain the distinction between these two portals and to focus on improving official complaint data through verification methods and expanded descriptions of the resolutions reached on verified complaints. NASCUS appreciates the opportunity to comment on this proposal and looks forward to continued collaboration between the Bureau and state regulators to strengthen consumer protection across the country.

Sincerely,

- signature redacted for electronic publication -

Sabrina Cotter
NASCUS Regulatory & Public Policy Counsel