

Federal Deposit Insurance Corporation Division of Depositor and Consumer Protection



Quarterly Newsletter

Consumer Complaints: Part I – A Look at 2018 Trends

Regional Office Management Team

Regional Director

Michael J. Dean

Deputy Regional Director

Phyllis M. Patton

Assistant Regional Director

Sherri W. Brown

Assistant Regional Director

Lisa A. Drag

Regional Manager Community Affairs

Thomas E. Stokes

Field Supervisors

Atlanta Central - Matthew K. Duke

Atlanta North - Jerome L. Chadwell

Atlanta South - Stephanie J. Ovington

Atlanta West - B-Otis Towns

Supervisory Examiners

Atlanta Central - Elizabeth A. Redding Hogan

Atlanta North - Ronald E. Hanson

Atlanta South - Sullivan L. Caldwell

Atlanta West - Denise B. Hudson

This article is the first in a two part series discussing consumer complaints. Complaints serve as an important resource for identifying problems and concerns regarding new and existing bank products and services. In this article, we will take a look at 2018 complaint data compiled by the FDIC’s Consumer Response Center (CRC) to see what common issues have come up in consumer complaints handled by the FDIC. We encourage you to review your bank’s policies and procedures for these areas and to consider including them in the scope of a future internal review or audit. Early identification will assist the bank in taking action and preventing more widespread problems. In Part 2, we will talk more about the role of complaints in the bank’s overall compliance management system. When looking at complaint data, it is important to note that this data represents issues that consumers have expressed concern about. It does not necessarily mean that the bank made a mistake in each of these instances. In fact, for complaints handled by the FDIC, an apparent error or violation was only identified for 5 percent of the issues investigated in 2018. However, a complaint may point to an opportunity for the bank to improve disclosures or procedures even when there is no finding that the bank made an error. For example, disclosures may be technically correct, but may still be presented in a way that causes consumers to question a particular aspect of a product, such as the timing of fees.

Product Trends

The top 5 product lines identified in complaints handled by the CRC in 2018 were:

1. Checking accounts
2. Credit cards
3. Residential real estate loans
4. Consumer lines of credit
5. Installment loans

Checking Accounts

In 2018, consumers expressed concerns regarding checking accounts at over 500 FDIC-supervised banks. The majority of concerns for checking accounts involved deposit account discrepancies, fees and service charges, error resolutions, refusal to provide services, and concerns with funds availability/release of funds. Consumer concerns related to deposit account discrepancies covered a wide variety of issues such as questioning debits from accounts, missing money, inaccurate account balances,

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interest calculations, fraudulent deposits, and forged checks drawn on accounts. Most of the consumer complaints about fees and service charges were covered under Regulation DD - Truth in Savings. Regulation E - Electronic Fund Transfers also covered many of the issues reported.

Credit Cards

Complaints involving credit cards continued to increase in 2018, but unlike other topics, these were largely driven by a small number of banks that specialize in credit card products. Consumer issues for these banks were led by credit reporting concerns, followed by billing disputes and fees/finance charges.

Residential Real Estate Loans

Complaints involving residential real estate loans primarily had to do with inaccurate disclosures, appraisals, loan modifications, and credit report errors. The CRC received complaints related to residential real estate loans at over 280 banks.

Consumer Lines of Credit

The primary concern of consumers in this category involved inaccurate credit reports (48 percent), followed by collection practices and billing disputes. These three issues comprised over 70 percent of all concerns for this topic.

Installment Loans

Similar to consumer lines of credit, consumers with installment loans were concerned about inaccurate credit reporting (35 percent), with other concerns involving collection practices, disclosures, and adverse actions.

Regulation Trends

The FDIC's CRC has identified issues in several key areas related to consumer protection laws and regulations:

Fair Credit Reporting Act

The FDIC received a large number of complaints about credit reporting issues. The majority of these complaints noted concerns with accounts being incorrectly reported as past due or that the account was the result of identity theft. Banks must ensure that consumer information reported to credit reporting companies is accurate and handled in accordance with the Fair Credit Reporting Act, and that reporting issues resulting from identity theft are corrected in a timely manner.

Recurring themes in complaints related to lending products

- Reporting of Erroneous Account Information: This issue related to disputed items and delinquencies, debt that was sold, credit inquiries, or identity theft concerns.
- Disclosures: This includes not receiving disclosures, receiving inaccurate disclosures, or not understanding the disclosures that were provided.
- These issues were generally covered under the Fair Credit Reporting Act and Regulation Z, Truth in Lending.

Consumer Complaints: Part I – A Look at 2018 Trends (Continued)

Electronic Fund Transfers Act

Regulation E's error resolution procedures prescribe specific steps and timelines that must be followed by a bank in handling alleged errors and inquiries regarding electronic fund transfers. Common concerns included a bank not properly investigating errors or failing to provide provisional credit to depositors in a timely manner.

Truth in Lending Act

Banks offering credit card products should review Truth in Lending's requirements for billing disputes and error resolutions. The FDIC has seen several instances where these requirements were not fully followed when investigating errors brought to the banks' attention by consumers. Complaints have also identified issues at banks related to failure to provide periodic statements when required and failure to disclose fees correctly.

Fair Debt Collection Practices Act

The FDIC continues to receive a significant number of complaints concerning debt collection issues. Many of these complaints specifically mention concerns with the number of calls the consumer receives regarding their debt, as well as calls made to the consumer's workplace, friends, and family in an attempt to speak with the consumer. It is important for banks to proactively manage in-house operations and third parties used to collect outstanding debts, making certain that all collection practices follow applicable laws and regulations.

Consumer Complaints: Part 2 - CMS Basics

In Part 1, we took a look at common issues identified in complaints handled by the FDIC's Consumer Response Center in 2018. In Part 2, we will focus on the role of consumer complaints in the bank's overall compliance management system (CMS). Bank customer complaints serve as an important resource for identifying problems and concerns regarding new and existing bank products and services. Every institution should have a complaint resolution process as part of its CMS. This process is about more than resolving an individual customer complaint or inquiry. It involves using information from a complaint or inquiry to identify issues that may be widespread and making appropriate adjustments to disclosures, system settings, and procedures to ensure that corrective action is applied to everyone who may be affected.

Consumer complaints are also important for helping to identify emerging risks. Complaints may indicate a compliance weakness in a particular function or department, or they may identify trends revealing a need for additional products or services or an area for enhancements.

Consider the following when establishing consumer complaint resolution policies and procedures:

- The bank's compliance officer is made aware of all complaints received and ensures their timely resolution.
- Individuals or departments responsible for handling complaints are designated and known to institution personnel.

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Consumer Complaints: Part 2 – CMS Basics (Continued)

- The policy addresses how complaints are identified and defined, considering that consumer inquiries may also highlight areas with increased risk of consumer harm.
- The policy requires procedures to monitor complaints to and/or about third parties that are providing services on behalf of the institution.
- The policy addresses training of staff on complaint resolution procedures.
- The policy addresses the types of complaints to be reported to senior management and the Board of Directors.
- The policy establishes a methodology for tracking complaints that will facilitate trend analysis, and reporting to the Board of Directors.

FDIC Consumer Compliance Supervisory Highlights

The FDIC developed and released a new publication titled *Consumer Compliance Supervisory Highlights* in June 2019. This publication is intended to provide supervised institutions and the public with information and observations related to the FDIC's consumer compliance supervision activities in 2018 and provides a high-level overview of consumer compliance issues identified during the year through the FDIC's supervision of state non-member banks and thrifts. In addition, the publication allows for enhanced transparency regarding consumer compliance supervisory activities.

This issue of the *Consumer Compliance Supervisory Highlights*:

- Provides an overview and summary of the overall consumer compliance performance of supervised institutions in 2018;
- Includes supervisory observations regarding factual findings identified at examinations resulting in violations of applicable consumer protection laws;
- Identifies examples of practices that may be useful in mitigating risks;
- Summarizes resources and information the FDIC makes available for supervised financial institutions that help institutions stay abreast of issues identified during examination and may assist them in mitigating risks; and
- Identifies the most frequently cited violations and enforcement actions in 2018.

This publication is available on the FDIC's website at <https://www.fdic.gov/regulations/examinations/consumercompsupervisoryhighlights.pdf>

FFIEC's *A Guide to HMDA Reporting: Getting It Right!* and Interagency HMDA Examination Procedures

In Case You Missed It . . . Home Mortgage Disclosure Act (HMDA) Updates

As announced in [FIL-16-2019](#), the Federal Financial Institutions Examination Council (FFIEC) issued the 2019 edition of *A Guide to HMDA Reporting: Getting It Right!* for data collected in 2019 and reported in 2020 (2019 Guide). In addition, the FDIC and other member agencies of the FFIEC issued updated interagency HMDA examination procedures.

Key updates in the 2019 Guide include summaries of the amendments to HMDA made by the 2018 Economic Growth, Regulatory Relief, and Consumer Protection Act (EGRRCPA). Those amendments established partial exemptions from reporting certain data points for eligible institutions. The updates also address the interpretive and procedural rule the Consumer Financial Protection Bureau (CFPB) issued to implement the EGRRCPA amendments (2018 HMDA rule). The 2019 Guide retains the information about final rules the CFPB issued in 2015 and 2017 that were included in the 2018 edition. The 2019 Guide and other editions are available on the FFIEC's website at <https://www.ffeic.gov/hmda/guide.htm>.

Like the 2019 Guide, the interagency HMDA examination procedures address the EGRRCPA amendments to HMDA, the 2018 HMDA rule, and the amendments to Regulation C made by final rules issued in 2015 and 2017. FDIC examiners will use the updated interagency HMDA examination procedures in connection with reviews of HMDA data collected in 2018 and after.

Alternative Endings

(varying based on when the interagency HMDA examination procedures are incorporated into the Compliance Examination Manual)

Alternative 1:

The interagency HMDA examination procedures will be incorporated into the FDIC's Compliance Examination Manual (CEM). To be notified of CEM updates, register on the FDIC's Email Updates webpage at <https://service.govdelivery.com/accounts/USFDIC/subscriber/new>.

Alternative 2:

The interagency HMDA examination procedures have been incorporated into the HMDA section of the FDIC's [Compliance Examination Manual](#) (CEM). Validation instructions and lists of Designated Key HMDA Data Fields specifically for FDIC examiners also have been incorporated into the CEM. To be notified of CEM updates, register on the FDIC's Email Updates webpage at <https://service.govdelivery.com/accounts/USFDIC/subscriber/new>.

Community Affairs Announcements

Train-the-Trainer Sessions on *Money Smart* for Adults

The next Train-the-Trainer webinars on our updated *Money Smart* for Adults curriculum will be on September 18, 2019. The session will highlight topics covered by the curriculum, such as credit and savings, and will review the updated curriculum's new features, including new content, design, activities, and modules, as well as modernized learning tools, such as the "try it" and "apply it" activities that allow participants the chance to apply what they have learned. You can sign up to join future webinars by visiting [Money Smart Training & Events](#). And, do you want to schedule a dedicated webinar for your bank? Or have you used the curriculum and want to share what worked well about your sessions and anything we could improve? Please contact communityaffairs@fdic.gov.

Money Smart Alliance

The FDIC's *Money Smart* Alliance Program conducted its first 2019 quarterly webinar for members on March 28, 2019. See the list of future webinars on [Money Smart Training & Events](#). If you are interested in joining the *Money Smart* Alliance, which offers members opportunities to share resources and collaborate with other Alliance members among other benefits, please visit [Money Smart Alliance](#).

During the fourth quarter of 2018 and first quarter of 2019, the FDIC welcomed 213 new members to the *Money Smart* Alliance. To view, please visit [Money Smart Alliance – New Members](#). For a list of all members, except those who have opted out of being listed online, go to the [Money Smart Alliance Members List](#).

Youth Banking Network

The FDIC's Youth Banking Network now consists of 68 banks of all sizes. These banks are working to connect financial education to savings accounts for school-aged children. Benefits of membership include opportunities for banks to learn more about youth banking from one another, FDIC staff, and other subject matter experts. The FDIC also provides Network members with specialized tip sheets, tools and educational resources, such as one that gives strategies for making financial education relevant to young people. For more information, send us an e-mail at YouthSavings@fdic.gov or visit our Youth Banking Resource Center at <https://www.fdic.gov/youthsavings>.

Community Affairs Upcoming Events

July 24: Interagency Metro Orlando Affordable Housing Bankers' Roundtable. Presented in Orlando, Florida by the FDIC, OCC, and Atlanta FRB. Contact Community Affairs Specialist April Atkins at aatkins@fdic.gov or Community Affairs Assistant Taurie Grant at tgrant@fdic.gov.

July 29: Interagency Economic and Community Development Rural Lenders' Forum. Presented in Okeechobee, Florida for bankers and CDFIs. Presented by the FDIC, OCC, US SBA, and USDA. Contact Community Affairs Specialist April Atkins at aatkins@fdic.gov.

July 31: Interagency Bankers' Advance CRA Training. Presented in St. Petersburg, Virginia for bankers. Presented by the FDIC, OCC, and Richmond FRB. Contact Community Affairs Specialist Victor Galloway at vgalloway@fdic.gov.

August 7: Disaster Recovery Forum in Rural Areas. Presented in Marianna, Florida for bankers, CDFIs, Long Term Recovery agencies, and local government. Presented by FDIC, OCC, Atlanta FRB, and State of Florida. Contact Community Affairs Specialist John Olsen at jolsen@fdic.gov.

August 12: Small Business Access to Credit Bankers' Roundtable. Presented in Jacksonville, Florida. Presented by the FDIC, OCC, and US SBA in Jacksonville, Florida. Contact Community Affairs Specialist April Atkins at aatkins@fdic.gov.

August 13: Interagency Disaster Recovery Forum: Hurricane Matthew. To be presented by the FDIC, OCC, and Atlanta FRB in Jacksonville, Florida. Presentation is for Bankers, CDFIs, Long Term Recovery agencies, and local government. Contact Community Affairs Specialist April Atkins at aatkins@fdic.gov.

August 14: Interagency Disaster Recovery Forum: Hurricane Matthew. To be presented by the FDIC, OCC, and Atlanta FRB in Daytona Beach, Florida for Bankers, CDFIs, Long Term Recovery agencies, and local government. Contact Community Affairs Specialist April Atkins at aatkins@fdic.gov.

September TBD: Bankers' Roundtable with CRA Examiner panel. To be presented by the FDIC and OCC in Miami, Florida. Contact Community Affairs Specialist Terry Lee at telee@fdic.gov.

Recent Publications

Financial Institution Letters

- *FDIC Consumer Compliance Supervisory Highlights* ([FIL-31-2019](#))
- *Request for Information on FDIC Technical Assistance Offerings and Delivery* ([FIL-29-2019](#))
- *Banker Teleconference Series: Private Flood Insurance Rule* ([FIL-27-2019](#))
- *Financial Institution Diversity Video* ([FIL-26-2019](#))
- *Deposit Insurance Coverage Seminars: Free Nationwide Seminars for Bank Officers and Employees* ([FIL-23-2019](#))
- *FFIEC A Guide to HMDA Reporting: Getting It Right! for 2019 HMDA Data and Updated HMDA Examination Procedures* ([FIL-16-2019](#))
- *Supervisory Insights Journal: Winter 2018 Issue Now Available* ([FIL-13-2019](#))
- *Regulatory Relief: Guidance to Help Financial Institutions and Facilitate Recovery in Areas of Alabama Affected by Severe Storms, Straight-line Winds, and Tornadoes* ([FIL-11-2019](#))

FDIC Press Releases

- *FDIC Hosts Interagency Conference Focusing on Minority Depository Institutions Announces New MDI Initiatives and Publishes Results of New MDI Study* ([PR-54-2019](#))
- *Agencies Release List of Distressed or Underserved Nonmetropolitan Middle-Income Geographies* ([PR-52-2019](#))
- *FDIC Cautions Customers That FDICConnect.com Is Not Affiliated With a Government Agency and Should Not Be Confused With FDICConnect.gov* ([PR-50-2019](#))
- *FDIC's Consumer Compliance Supervisory Highlights* ([PR-49-2019](#))
- *FDIC Issues List of Banks Examined for CRA Compliance* ([PR-48-2019](#))
- *Banker Feedback Helps Focus FDIC Efforts to Better Address their Needs* ([PR-47-2019](#))
- *FDIC Issues CRA Examination Schedules for Third Quarter 2019 and Fourth Quarter 2019* ([PR-43-2019](#))
- *Agencies Issue Host State Loan-to-Deposit Ratios* ([PR-41-2019](#))
- *FDIC Resolves Payday Lender Lawsuit* ([PR-40-2019](#))
- *FDIC Issues List of Banks Examined for CRA Compliance* ([PR-38-2019](#))
- *FDIC Issues List of Banks Examined for CRA Compliance* ([PR-32-2019](#))
- *FDIC Hosts Webinar for Financial Capability Month* ([PR-29-2019](#))
- *FDIC Hosts Fintech and the Future of Banking Conference in Arlington, Virginia* ([PR-28-2019](#))
- *FDIC Announces New Members for the Advisory Committee on Community Banking* ([PR-24-2019](#))
- *FDIC Names Nick Podsiadly as General Counsel* ([PR-23-2019](#))
- *FDIC Announces Meeting of Advisory Committee on Community Banking* ([PR-21-2019](#))
- *FDIC's Subcommittee on Supervision Modernization for the Advisory Committee on Community Banking Holds its Inaugural Meeting* ([PR-16-2019](#))
- *FDIC Issues List of Banks Examined for CRA Compliance* ([PR-15-2019](#))
- *FDIC Unveils New Resources During National Consumer Protection Week 2019* ([PR-13-2019](#))

This newsletter does not purport to authoritatively interpret current federal statutes, regulations, orders or other federal authority, nor does it bind the FDIC or any other federal agency or entity with regard to the information presented. In addition, the application and impact of laws can vary widely based on the specific facts involved; and the information contained in this newsletter may have become outdated, superseded, or may have been revised, modified, revoked or suspended. Articles may not be reprinted or abstracted.
