

**BUREAU OF CONSUMER FINANCIAL PROTECTION  
PAPERWORK REDUCTION ACT SUBMISSION  
INFORMATION COLLECTION REQUEST**

**SUPPORTING STATEMENT PART A  
COMPANY RESPONSE SURVEY  
(OMB CONTROL NUMBER: 3170-XXXX)**

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**OMB TERMS OF CLEARANCE:** Not applicable. This is a new collection of information.

**ABSTRACT:** The purpose of this information collection is to incorporate a short survey into the complaint closing process. Consumers will have the option to provide feedback on the company's response to and handling of their complaint via all channels including online, phone, fax, and mail. The results of this feedback will be shared with the company that responded to the complaint to inform its complaint handling. The feedback will also be used as one of several inputs to inform the Consumer Financial Protection Bureau's (CFPB) work to supervise companies, enforce federal consumer financial laws, write better rules and regulations, and monitor the market for consumer financial products and services. Consistent with the Bureau's policy statement on Disclosure of Consumer Complaint Data, the Bureau will evaluate the data collected from consumer feedback before publication on the Consumer Complaint Database. The Bureau anticipates publication of consumer feedback to highlight positive company behavior, provide the public with timely and understandable information about consumer financial products and services, and improve the functioning, transparency, and efficiency of markets for such products and services. Only those feedback narratives for which opt-in consumer consent is obtained, and to which robust personal information scrubbing standard and methodology is applied, will be eligible for publication.

This information collection reflects comments received in response to the March 24, 2015, (80 FR 15583) Notice and Request for Information (RFI), seeking input from the public on the potential collection and sharing of information about consumers' positive interactions with financial service providers including providing more information about a company's complaint handling such as highlighting the quality of responses to consumers by replacing the consumer "dispute" function with a consumer feedback process as well as comments received during the 60-day comment period and user testing conducted concurrent with the 60-day comment period. The consumer will have the ability to answer three questions about the company's response to and handling of his or her complaint and provide a narrative description in support of each answer. Positive feedback about the company's handling of the consumer's complaint would be reflected by positive answers to each question and by the narrative in support of each answer. Negative feedback about the company's handling of the consumer's complaint would be better supported and more useful to companies than the current "dispute" function. The Company

Response Survey will replace the “dispute” option and allow consumers to offer both positive and negative feedback on their complaint experience.

## **JUSTIFICATION**

### **1. Circumstances Necessitating the Data Collection**

The CFPB’s consumer complaint functions are established by statute. Section 1013 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”) instructs the Bureau to create a unit whose functions include collecting, monitoring, and responding to consumer complaints about consumer financial products and services. The consumer complaint process is designed to ensure that consumers receive timely responses from companies to their complaints.

Executive Order 12862, “Setting Customer Service Standards,” prescribes various actions that agencies can use to implement this directive for a more customer-focused government. These actions include surveying customers and benchmarking performance. Collecting and publishing consumers’ feedback about companies’ responses to and handling of their complaints will provide the public with timely and understandable information about consumer financial products and services and improve the functioning, transparency, and efficiency of markets for such products and services. Specifically:

- Section 1021 of the Dodd-Frank Act requires the CFPB to seek to ensure that all consumers have access to fair, transparent, and competitive markets for consumer financial products and services.
- Section 1021 specifies that the Bureau shall collect, investigate, and respond to consumer complaints.
- Section 1021 also tasks the CFPB with collecting, researching, publishing, and monitoring information relevant to the functioning of markets for consumer financial products and services to identify risks to consumers and the proper functioning of these markets.
- Further, section 1022 directs the CFPB to monitor for risks to consumers in the offering or provision of consumer financial products or services, including developments in the markets for them. To further this function, section 1022 also authorizes the Bureau to gather information through consumer complaints and make such information public.
- Section 1034 requires certain covered persons to provide a timely response concerning consumer complaints, including—
  - steps that have been taken by the covered person to respond to the complaint or inquiry of the consumer;
  - responses received by the covered person from the consumer; and
  - follow-up actions or planned follow-up actions by the covered person to respond to the complaint or inquiry of the consumer.

- Section 1013 directs that information about the resolution of consumer complaints must be included in an annual report to Congress.

The questions in this survey help the CFPB better understand the company's steps to respond to consumer complaints, the information received by the company from the consumer, and the company's follow-up actions. The CFPB will be better informed about the resolution of consumer complaints, company follow-up actions, market developments, and risks in these markets by having more information regarding whether company responses to consumer complaints are actually addressing the issues raised in the complaints; whether the company's response is understood by the consumer; and, whether the company did what they said they would do in response to a consumer complaint. This data is not currently captured in existing parts of the consumer complaint process.

## **2. Use of the Information**

The results of this feedback will be shared with the company that responded to the complaint to inform their complaint handling. The feedback will be used to inform CFPB's work to supervise companies, enforce federal consumer financial laws, and write better rules and regulations, and will be published on the CFPB's Consumer Complaint Database to highlight positive company behavior, provide consumers with timely and understandable information about consumer financial products and services and improve the functioning, transparency, and efficiency of markets for such products and services.

## **3. Use of Information Technology**

This survey will be available to consumers online, by phone, and hardcopies of the survey will be sent to consumers via mail upon request.

## **4. Efforts to Identify Duplication**

The responses are unique to each respondent's experience with the company's response to their complaint. As such, the information is not available from any other source.

## **5. Efforts to Minimize Burdens on Small Entities**

Not applicable. The information is provided by individuals only.

## **6. Consequences of Less Frequent Collection and Obstacles to Burden Reduction**

The consequences of less frequent collection would be less timely feedback on consumer satisfaction with the company's response to and handling of the consumer's complaint. This survey consists of three questions, which is a low burden threshold as it should take the consumer an average of 3 minutes or less to complete.

## **7. Circumstances Requiring Special Information Collection**

There are no special circumstances. The collection of information is conducted in a manner consistent with the guidelines in 5 C.F.R. 1320.5(d)(2).

## **8. Consultation Outside the Agency**

In accordance with 5 C.F.R. 1320.8(d)(1), the Bureau published a notice in the Federal Register that allowed the public 60 days to comment on this proposed new collection of information. In accordance with 5 C.F.R. 1320.5(a)(1)(iv), the Bureau published a notice in the Federal Register allowing the public 30 days to comment on the submission of this information collection request to the Office of Management and Budget.

This information collection reflects comments received in response to the March 24, 2015 (80 FR 15583) Notice and Request for Information, seeking input from the public on the potential collection and sharing of information about consumers' positive interactions with financial service providers including providing more information about a company's complaint handling such as highlighting the quality of responses to consumers by replacing the consumer "dispute" function with a consumer feedback process as well as comments received during the 60-day comment period and user testing conducted concurrent with the 60-day comment period.

The Bureau received 21 comments in response to the notice, and all were responsive. One of the comments, which was submitted by 8 trade associations representing the financial services industry (American Bankers Association, Association of Credit and Collection Professionals International, American Financial Services Association, Consumer Bankers Association, Consumer Data Industry Association, Credit Union National Association, and National Association of Federal Credit Unions), requested an extension of the comment period. The Bureau also received 5 comments from individuals, and 1 comment from 23 consumer, civil rights, privacy, community, and fair lending organizations: Americans for Financial Reform, California Reinvestment Coalition, Connecticut Fair Housing Center, Consumer Federation for America, Consumer Action, Consumers Union, Consumer Watchdog, Empire Justice Center, Legal Services NYC, Main Street Alliance, National Association for the Advancement of Colored People, National Association of Consumer Advocates, National Community Reinvestment Coalition, National Consumer Law Center (on behalf of its low income clients), National Fair Housing Alliance, Other98, Privacy Times, Public Citizen, Public Knowledge, Reinvestment Partners, The Institute for College Access and Success, U.S. Public Interest Research Group (PIRG), and the Woodstock Institute. In addition, the Bureau received 1 independent comment letter from U.S. PIRG – a public interest group, 1 comment from the Consumer Bankers Association and the American Bankers Association, 1 comment from Alaska USA Federal Credit Union, and 11 comments from the following trade and industry associations: Association of Credit and Collection Professionals International, American Financial Services Association, Center for Capital Markets Competitiveness, Community Financial Services

Association of America, Consumer Data Industry Association, Credit Union National Association, Electronic Transactions Association, Independent Community Bankers of America, Mortgage Bankers Association, National Association of Federal Credit Unions, and the National Creditors Bar Association.

While all of the comments addressed this information collection in some way, most commenters also reiterated comments submitted previously about the underlying complaint process and the publication of complaints. Comments about the underlying complaint process and publication of complaint data are not responsive for the purposes of this information collection. Moreover, in the Bureau's previous notices of its policy statements establishing and expanding the Consumer Complaint Database ("Database"), the Bureau has addressed comments related to the policy statement process and assertions of a requirement for notice and comment rulemaking<sup>1</sup>, the Bureau's authority for the Database, the impact of the disclosure of consumer complaint narratives on consumers, verification of complaints and consumer narratives, potential manipulation of the complaint process and Database, normalization of complaints, opt-in consent, scrubbing standard and methodology, reidentification risk, reputational harm, effect on consumer relations, the appearance of validating complaints by the act of disclosing them, consumer confusion and lack of context, increased litigation, increased company costs, and confidentiality agreements.<sup>2</sup>

The comments submitted by consumer, civil rights, privacy, community, fair lending, and public interest organizations and one individual strongly support the addition of a short survey into the complaint closing process that would give consumers the option to provide feedback on the company's response to and handling of their complaint. The comments submitted by some industry and commenters and a few individuals focused on the publication of the survey data, with commenters holding differing opinions about the survey and its implementation.

Consumer, civil rights, privacy, community, fair lending, and public interest organizations endorsed the proposed satisfaction rating scale, including the use of a 5-star rating, as well as the opportunity for consumers to explain in narrative form why they are satisfied or dissatisfied with the company's response. They note that collection of this information is necessary for the Bureau to have credible insight into where consumers have been satisfied with companies' responses to unresolved problems, as well as where breakdowns occur in the complaint resolution process.

Consumer, civil rights, privacy, community, fair lending, and public interest organizations also suggested that first-hand consumer feedback benefits companies, which stand to gain a better understanding of customers' frustrations and where the company's internal processes are not operating efficiently or effectively. They commented that the consumer feedback system offers

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<sup>1</sup> The Administrative Procedure Act exempts general statements of policy from notice and comment. 5 U.S.C. 553(b)(A).

<sup>2</sup> 2012 Notice of Final Policy Statement, 77 FR at 37564 (June 22, 2012); 2013 Notice of Final Policy Statement, 78 FR at 21222 (April 10, 2013), 2015 Notice of Final Policy Statement, 80 FR 15572 (March 24, 2015).

complainants a better mechanism for communicating with the Bureau as to how well companies are handling their complaints and offers the CFPB a far greater understanding of whether consumers are satisfied with the complaint outcomes they are receiving from companies in response to their complaints.

One public interest group commented that the range from fully positive to fully negative consumer feedback would encourage companies with negative ratings to do a better job solving consumer problems, or to provide more and better information about their disposition of consumers' complaints. Based on OMB feedback, the five-point Likert scales have been removed from the survey.

Industry commenters highlighted the usefulness of collecting survey information. One industry trade association noted that enabling customers to express both positive and negative experiences is "a good development." A second industry association stated there is value in gaining feedback on consumers' views on companies' responses to their complaints. Another industry commenter suggested the Company Response Survey could be beneficial as a feedback loop to help a financial institution further improve its processes – if the feedback was supplied only to the financial institution. The Bureau does not believe that company process improvement can only be accomplished at the expense of transparency.

Several commenters suggested the information collection would be overweighted with negative feedback because consumers would focus strictly on the outcome rather than the company's handling of their complaint. The Bureau believes the survey structure, with three questions specific to the company's response – not the result – mitigates this concern. The consumer will also be given an opportunity to provide a narrative in support of each answer. The consumer's response to the questions, supported by narratives, will provide understandable context into the consumer's view of the company's handling of their complaint.

Industry commenters had differing views on whether companies should have an opportunity to respond to the consumer feedback. The Bureau already provides companies with the option to respond publicly to the substance of consumer complaints. Companies have 180 days from the date they receive a consumer complaint to select a structured public response. The existing functionality and proposed consumer survey timing will enable companies to provide a public-facing response after they receive feedback collected from consumers through the survey.

While some commenters expressed concern that the questions are confusing to consumers, the Bureau's user experience testing suggests consumers understand the questions. Upon completion of the user testing, the Bureau made minor modifications to the survey, including, for example, reordering the questions and making small revisions to the instructions. In addition, user testing also determined that it takes consumers no more than 3 minutes to complete the brief survey, indicating that the survey is not confusing to consumers.

Several commenters suggested minor changes to the survey content. In response to commenter

suggestions, the Bureau updated the survey to clarify instructions and simplify consumer completion.

Several commenters also expressed concerns about the subjective nature of the 5-star rating. The Bureau believes a 5-star rating is a commonly accepted and easily understood method for gathering consumer feedback. Many of the companies regulated by the CFPB use a similar rating scale in their own customer satisfaction surveys. Consumers' answers to the other response-specific questions provide the context needed to understand consumers' 5-star ratings of company responses. In addition, the narrative provides more context with which to understand the consumers' responses and rating. Based on OMB feedback, the 5-star rating has been removed.

While some industry commenters noted that consumers might be confused whether they should expect company follow-up on their feedback, the proposed Company Response Survey does not suggest or imply that any company follow-up is required or expected.

Some industry commenters also believe the Bureau should remove company resolution information from consumer submitted narratives. In addition, one industry commenter expressed concern that consumers might copy company response details into their feedback narrative. The Bureau's integrated scrubbing system is designed to remove personally identifiable information from published complaint data. The Bureau's robust process includes a computer-based automated step and quality assurance steps performed by human reviewers. Furthermore, the phrase "please do not copy and paste the company's response" has been added to the instructions on the survey.

Some industry commenters asserted that some feedback is better handled by prompting consumers to submit a new complaint. This is largely in conflict with the majority of previously received feedback from industry on the risks of complaint duplication.

One commenter specifically encouraged the Bureau to ask consumers if they complained to the company prior to submitting their complaint. The data collected from the Bureau's credit card complaint form and review of complaints shows that the vast majority of consumers attempted to resolve the complained-about issue with the company before submitting a complaint to the Bureau. Requiring consumers to contact the company before contacting the Bureau would work against the Bureau's mission to empower consumers; however, the Bureau intends to collect this information on all complaints in the near future.

Industry commenters expressed interest in how the Bureau will evaluate consumer feedback before publishing. While not responsive for this information collection, the Bureau notes that it intends to review consumer feedback to assess consumer understanding of the survey questions by monitoring consumer answers to structured questions and narratives.

## **9. Payments or Gifts to Respondents**

No payments or gifts are provided to respondents.

#### **10. Assurances of Confidentiality**

For this Survey, see the System of Records Notice, CFPB.005, Consumer Response Database, which can be found here: <https://www.federalregister.gov/documents/2014/04/16/2014-08555/privacy-act-of-1974-as-amended>.

The Privacy Impact Assessment is the Consumer Response Database, which can be found here: <http://www.consumerfinance.gov/privacy/privacy-impact-assessments/>.

There is no assurance of confidentiality. The offer to participate in this optional survey informs consumers that the CFPB will share their feedback with companies. Consumers will also be able to consent to the publication of the narrative feedback on the Consumer Complaint Database. The narratives in the Consumer Complaint Database will be scrubbed of personally identifiable information (PII).

#### **11. Justification for Sensitive Questions**

Not applicable. This is an optional survey and contains no questions that are considered “sensitive” in nature.

#### **12. Estimated Burden of Information Collection**

The Bureau has updated the burden estimate based on the user testing, which determined that consumers need an average of 3 minutes or less to complete the survey, and based on a comment that noted the initial estimate was based only on the “disputes” (i.e., negative feedback), the Bureau has updated the estimated number of respondents assuming that twice as many consumers will rate a response as disputed in FY2016.

The Bureau sent 188,100 complaints to companies for response in FY2016 – a 13% increase over the prior year. Consumers disputed approximately 31,400 (17%) of company responses to their complaints in FY2016. Assuming a similar increase in complaints sent to companies each year and estimating that twice as many consumers (34%) will opt to provide feedback – positive, neutral, and negative – about company responses as disputed company responses in FY2016, then consumers would provide feedback in response to approximately 72,300, 81,700, 92,300, 104,300, and 117,800 company responses in FY2017, FY2018, FY2019, FY2020, and FY2021, respectively. This would be an average of 93,700 responses to this survey per year. Based on user testing, the Bureau estimates that consumer completion of this survey is expected to take an average of no more than 3 minutes.

#### **Exhibit 1: Burden Hour Summary**



Information Collection	No. of Respondents	Type of IC	Frequency	Annual Responses	Average Response Time (hours)	Annual Burden Hours
Company Response Survey	93,700	Reporting	1x	93,700	.05	4,685

### **13. Estimated Total Annual Cost Burden to Respondents or Record-keepers**

Not applicable. Respondents incur no operational or maintenance cost necessary for responding to this survey.

### **14. Estimated Cost to the Federal Government**

The estimated annual cost to the federal government is about \$342,300 for the first year to cover vendor services for survey start-up, design, and implementation. The cost for the second year is about \$348,700 – for a total of \$691,000 – as the CFPB begins to take over more functions in the management of the survey program.

### **15. Program Changes or Adjustments**

This is a new collection of information; therefore, the entire burden is considered to be a program change.

### **16. Plans for Tabulation, Statistical Analysis, and Publication**

Section 1 above (“Circumstances Necessitating the Data Collection”) describes the CFPB’s statutory authority to collect, analyze, and publish this data. For example, section 1022 of the Dodd-Frank Act authorizes the Bureau to gather information through consumer complaints and make such information public as is in the public interest and where confidential information is appropriately protected.

Consumers are notified at the beginning of this optional survey that the “CFPB will share your feedback responses with the company and use it to inform CFPB’s work with regulated companies.” The results of this feedback will be shared with the company that responded to the complaint to inform its complaint handling. The feedback will also be used as one of many inputs to inform the CFPB’s work to supervise companies, enforce federal consumer financial laws, write better rules and regulations, and monitor the market for consumer financial products and services. Consistent with the Bureau’s policy statement on Disclosure of Consumer Complaint Data, the Bureau will review the data collected from consumer feedback before publication on the Consumer Complaint Database.

### **17. Display of Expiration Date**

The OMB control number and OMB-assigned expiration date will be displayed on the survey

instruments. Further, the OMB control number and expiration date will be displayed on the Federal government's electronic PRA docket at [www.reginfo.gov](http://www.reginfo.gov).

**18. Exceptions to the Certification Requirement**

The Bureau certifies that this collection of information is consistent with the requirements of 5 C.F.R. 1320.9, and the related provisions of 5 CFR 1320.8(b)(3) and is not seeking an exemption to these certification requirements.

**PART B: COLLECTIONS OF INFORMATION USING STATISTICAL METHODS**

Not applicable. The collection of information does not involve the use of statistical methods.

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