

Customer Experience Lessons From the CFPB Complaint Database



In an effort to increase transparency for credit card customers, the Consumer Financial Protection Bureau (CFPB) began sharing “individual consumer level complaint data” with the public in early July. Analysis of the database can reveal insights that will help banks mitigate risks and improve the customer experience. The most prevalent type of complaint in the database is “billing disputes”. As of July 19, 2012, the database hosted 2,042 complaints, and 322 of them (almost 16%) were about customers disagreeing with their bills. While the veracity of these claims is unsubstantiated, it indicates that credit card issuers need to improve the way they communicate their billing practices to customers. Misunderstandings can have serious consequences both to consumers and banks.

From more than 2,000 complaints, 16% of customers disagree with their credit card bill. Card issuers may need to improve communications to set clearer expectations.

Capital One now knows this first-hand. On July 18th, the CFPB took its first enforcement action since its founding last year by fining Capital One \$210 million for misleading customers into purchasing expensive add-on services sold with its credit cards. CFPB Director Richard Cordray said, “Today’s action puts \$140 million back in the pockets of two million Capital One customers who were pressured or misled into buying credit card products they didn’t understand, didn’t want, or in some cases, couldn’t even use.” The other \$70 million consist of additional penalties.

Given the CFPB’s recent punitive action, it’s not surprising that our analysis of the credit card complaint database reveals that Capital One leads the other major card issuers in terms of billing dispute complaints per cards in circulation. Capital One has over 2.5 times the average number of billing dispute complaints per million cards in circulation for the other top 8 banks.

The CFPB’s [official press release](#) about the Capital One fine stated one of the reasons for the measure was that consumers had been “misinformed about the cost of the products: Consumers were sometimes led to believe that they would be enrolling in a free product rather than making a purchase.” The prevalence of Capital One billing disputes in the database may be a sign of these practices.

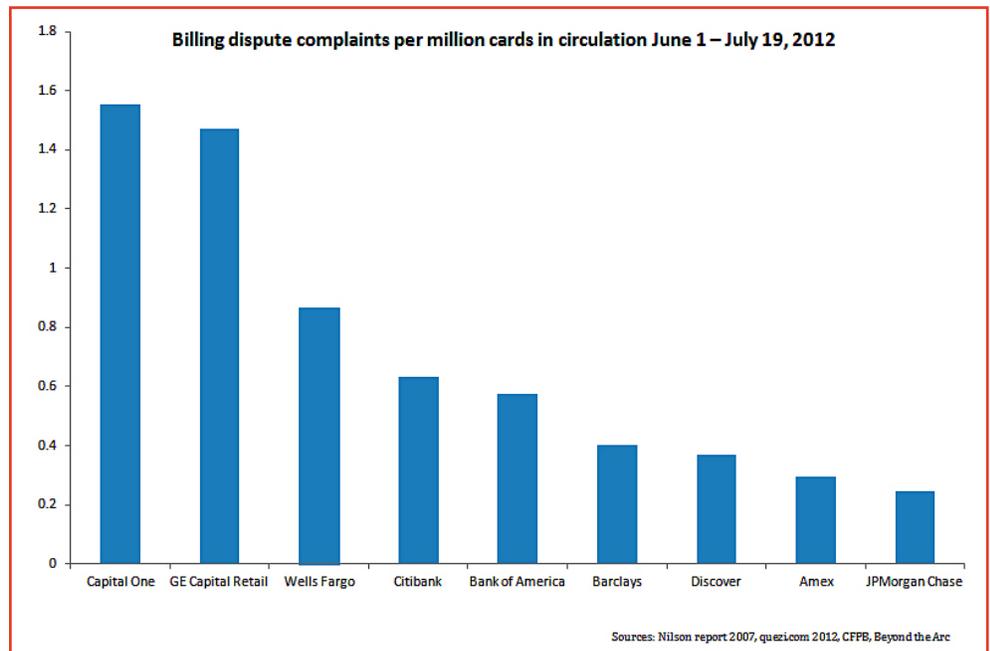
“Customers were pressured or misled into buying credit card products they didn’t understand, didn’t want, or in some cases, couldn’t even use.”
– Richard Cordray, CFPB Director



Leveraging the complaint database to improve customer experience

Credit card issuers can use the new complaint database as a barometer to show how they compare to their competitors in terms of the customer experience. As an example, this graph shows that Capital One and GE Capital Retail may need to retool their billing communications to reduce issues and improve customer satisfaction.

Additionally, this database can help alert financial services companies of potential problems that need to be addressed before the CFPB intervenes. In the future, banks will need to monitor this complaint database closely in order to mitigate the risk of customer attrition and punitive action.



Let's Talk

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