

Updated: 2014

To the Point:

Complaints and Dispute Resolution



insideARM.com
accounts receivable management



Complimentary
Preview

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Airing of Grievances

Are consumer complaints and disputes going to become more challenging as the collection industry moves forward? What is the fate of e-Oscar, credit repair companies, etc.?

Once upon a time, the Online Solution for Complete and Accurate Reporting, e-Oscar for short, was designed as an online system for processing credit disputes and other data critical to the debt collection industry. Then, the Consumer Financial Protection Bureau was born, and it launched a consumer complaints portal that operated like “e-Oscar on steroids.” Since the CFPB – through this consumer complaints portal and other regulatory tactics – is demanding more information from all actors in the ARM industry (including credit bureaus), the open-and-shut cases that were the signature of e-Oscar will probably become a thing of the past.

Complaint management is no longer a one-person job. Because your response time is so limited, you’ve got to have multiple people looking at the complaints that are coming in, to make sure that responses are getting out quickly.

Breakdown: CFPB Complaint Portal and How to Deal

Step	Details	Industry Response
Explain the debt: <ul style="list-style-type: none"> • What type of debt is this? • How would you describe your issue? • What do you (the consumer) think is a fair resolution? 	<ul style="list-style-type: none"> • Types of debt: Credit card, Medical, Auto, Federal student loan, Non-federal student loan, Mortgage, Payday loan, Other, I don’t know • Types of issues: Communication tactics, Continued attempts to collect a debt I don’t owe, Disclosure verification of debt, False Statements or Representation, Improper contact or sharing of information, Taking or threatening illegal action <ul style="list-style-type: none"> ○ Each issue has multiple sub-issues. 	If you get a civil investigative demand from the CFPB, the Bureau will ask about your complaint management system and how you respond to complaints. You have to have a more robust system that identifies complaints maybe by category or type, and your response to it. This is more detail than the industry has ever had to provide.
Company Information: <ul style="list-style-type: none"> • Who’s contacting you about this debt? • Do you know where this debt came from? 	<ul style="list-style-type: none"> • Debt could come from: Same company, Different company, I don’t know • If you select “different company,” the form auto-selects for the consumer to “Submit a separate complaint about this company” (the one where the debt originated) 	This means the CFPB could be duplicating complaints against creditors. It may cause a dramatic increase in how the Bureau tallies complaints against the industry in years to come.

There is some good news for the debt collection industry in the midst of this growing CFPB oversight. It turns out that the CFPB isn't throwing its full force behind acting on every single consumer complaint that happens to come in under "debt collection." The CFPB has form letters they send out to consumers (or inquisitive lawyers who intentionally mess with the site) telling them they will not act on a complaint if it "involves federal consumer protection law that is not within [their] authority."

In light of this, nothing prevents collectors from – as part of an investigation – reaching out to the consumer or the person making the dispute to request more information.

Here's a Tip:

Document what you do to perform your reasonable investigation. Document the fact that you have reviewed everything you have with respect to that account and that dispute. And I think that's going to be important, and that's going to go a long way toward defending your reasonable investigation complaint.

*John Bedard
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These days, credit repair and debt settlement companies are also caught in the CFPB's growing web. The Bureau has actively enforced the regulations it inherited, as well as the new Dodd-Frank regulations. This means some debt repair and settlement companies have had to shut their doors.

In conclusion...

If it looks like a complaint, walks like a complaint and quacks like a complaint, then it's viewed as a legit complaint under the Fair Debt Collection Practices Act, and collectors need to treat it as such. There are some exceptions under the Fair Credit Reporting Act; namely, furnishers can conclude from a reasonable investigation that a claim is frivolous. But if an agency receives a complaint directly from a consumer – or even through the office of an Attorney General or the Better Business Bureau – a best practice is to just respond.