

March 2016

Servicemembers 2015: A Year in Review

Review of complaints received from servicemembers, veterans and their families and outreach and enforcement efforts

Message from Holly Petraeus



Assistant Director for the Office of Servicemember Affairs

Hello and welcome from the Office of Servicemember Affairs (OSA) at the Consumer Financial Protection Bureau (CFPB)!

This is our fourth annual complaint report detailing the data and trends surrounding complaints submitted to the CFPB by servicemembers, veterans and their families. As we have noted in previous reports, our complaint volume has steadily risen since July 2011 when we first started taking complaints. In 2014, we received more than 17,000 complaints from servicemembers, veterans, and their family members and, as you will see in this report, 2015 has only grown from there – logging over 19,000 complaints from the military community. Due to the steady increase in volume, we've chosen this year to change to a format that highlights just the complaints received in the past year (2015). I hope you find it a helpful view into the challenges servicemembers, veterans, and their families are facing in the current financial marketplace.

Throughout 2015, debt collection complaints continued to be the most numerous, totaling over 46 percent of all complaints received from the military community. When reviewing complaints

submitted in 2015, the Bureau found that servicemembers were nearly *twice* as likely to submit complaints about debt collection than the general population who also submitted complaints. While this could be due to a variety of factors, one issue which we have [highlighted in the past](#)¹ is the concern that unpaid debts can threaten a military career. Because of this, we encourage all servicemembers to diligently check their credit reports and proactively [protect their credit files](#)² while they are away from home.

The CFPB was involved in many enforcement actions in 2015, four of which particularly impacted servicemembers. These enforcement actions, detailed in Section 2, provided millions of dollars in relief to servicemembers and their families and helped to highlight systemic vulnerabilities of servicemembers in the financial marketplace. For instance, the Bureau brought [an action](#)³ against Security National Automotive Acceptance Company, LLC (SNAAC), an Ohio auto lender, for engaging in unfair, deceptive, and abusive acts or practices in violation of the Consumer Financial Protection Act of 2010, including: threatening to contact servicemembers' commanding officers regarding unpaid debt; disclosing servicemembers' debts to commanding officers; and characterizing delinquencies as military violations that would subject the servicemembers to discipline. [SNAAC was ordered](#)⁴ to refund or credit \$2.28 million to servicemembers and other consumers who were allegedly harmed and to pay a penalty of \$1 million. A separate [district court stipulated judgment and order](#)⁵ bans SNAAC from using aggressive tactics, such as threats to contact commanding officers, to coerce servicemembers into making payments.

¹ <http://www.consumerfinance.gov/blog/are-unpaid-debts-a-military-career-killer/>

² http://files.consumerfinance.gov/f/201508_cfpb_fraud-protection-tools-to-help-safeguard-servicemembers.pdf

³ <http://www.consumerfinance.gov/newsroom/cfpb-orders-servicemember-auto-loan-company-to-pay-3-28-million-for-illegal-debt-collection-tactics/>

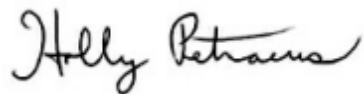
⁴ http://files.consumerfinance.gov/f/201510_cfpb_consent-order-administrative-snaac.pdf

⁵ http://files.consumerfinance.gov/f/201510_cfpb_stipulated-final-judgment-and-order-snaac.pdf

The mission of the CFPB's Office of Servicemember Affairs is to work on consumer financial challenges affecting military personnel, veterans, and their families. Those who serve, or have served, our country should not have to worry about falling victim to unfair, deceptive, or abusive financial practices. This report provides details concerning complaints received throughout 2015 and the military-specific enforcement actions brought by the Bureau, and also describes the outreach and educational initiatives OSA has done in the past year.

It's my honor to represent the military and their families here at the CFPB and to make sure that their concerns are heard – and that we do something about them.

Sincerely,

A handwritten signature in cursive script that reads "Hollister K. Petraeus". The signature is written in black ink and is positioned below the word "Sincerely,".

Hollister K. Petraeus

Assistant Director for the Office of Servicemember Affairs

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1. Fulfilling OSA's mission

The challenges consumers face in navigating and obtaining financial products and services are a driving force behind the CFPB's efforts to make consumer financial markets work better.

Listening and responding to consumers are integral components of our mission, and the Bureau provides numerous ways for consumers to make their voices heard. In addition to the complaint review below, please reference Appendix A and Appendix B for more information on the complaint process and the public Consumer Complaint Database.

Monitoring complaints

The Dodd-Frank Act created the Office of Servicemember Affairs (OSA). OSA strives to see that military personnel and their families receive a strong financial education so they can make better-informed consumer decisions; to monitor their complaints about consumer financial products or services; and to coordinate the efforts of Federal and State agencies to improve consumer protection measures relating to those products or services for military families. OSA works for Active-Duty, Reserve, and National Guard personnel as well as for military retirees, veterans, and their families (collectively referred to as "servicemembers" in this report).

Complaints received by the CFPB

Between January 1, 2015, and December 31, 2015, the CFPB received approximately 271,600 consumer complaints.⁶ Approximately 71 percent of all consumer complaints were submitted through the CFPB's website and 7 percent via telephone calls. Referrals accounted for 12 percent of all complaints received, with the remainder submitted by mail, email, and fax.⁷

Servicemember complaints received by the CFPB

Between January 1, 2015, and December 31, 2015, approximately 19,200 complaints were submitted by servicemembers. Approximately 77 percent of all servicemember complaints were submitted through the CFPB's website and 15 percent via telephone calls. Referrals accounted for 4 percent of all servicemember complaints received, with the remainder submitted by mail, email, and fax.

⁶ Unless otherwise noted or the context suggests otherwise, the various tables and complaint tabulations appearing herein cover this period. Percentages may not sum to 100% due to rounding.

⁷ This analysis excludes multiple complaints submitted by a given consumer on the same issue, and whistleblower tips. All data are current through December 31, 2015. Since launching Consumer Response operations on July 21, 2011 through December 31, 2015, the CFPB received approximately 790,000 consumer complaints.

FIGURE 1: 2015 SERVICEMEMBER COMPLAINTS BY PRODUCT

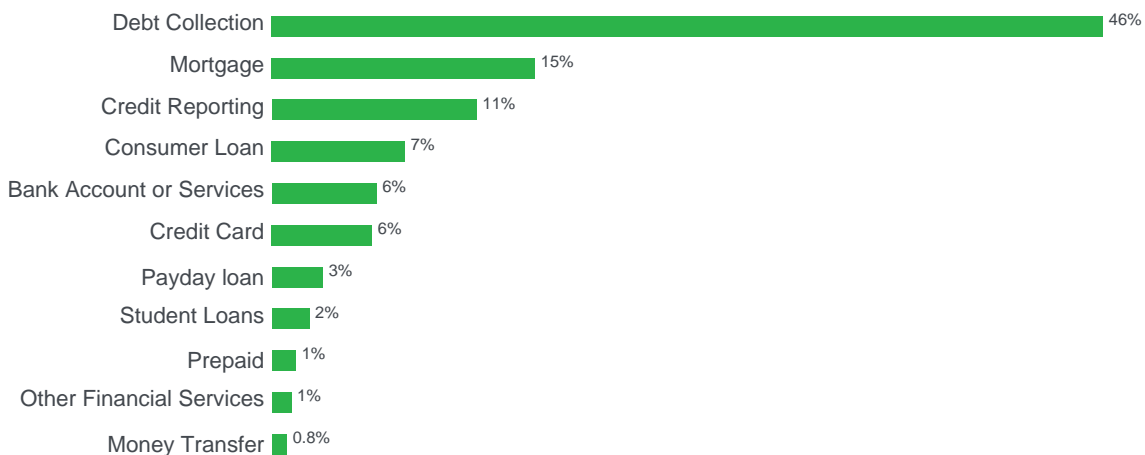


TABLE 1: SERVICEMEMBER COMPLAINTS BY PRODUCT BY YEAR

Product	2014 complaint volume	2015 complaint volume	% change from 2014 to 2015	Total complaints
Debt collection	8,700	8,900	2%	20,500
Mortgage	2,500	2,800	10%	9,900
Credit reporting	1,600	2,200	35%	4,900
Consumer loan	900	1,400	59%	2,900
Bank account and services	1,100	1,100	2% ⁸	3,600

⁸ Complaints are rounded to the nearest hundred, so percentages (which are based on non-rounded values) may appear inconsistent with complaint volume

Product	2014 complaint volume	2015 complaint volume	% change from 2014 to 2015	Total complaints
Credit card	800	1,100	29%	3,600
Payday loan	600	500	-2%	1,200
Student loans	400	400	7%	1,100
Prepaid	100	300	226%	300 ⁹
Other financial service	100	200	179%	300
Money transfer	100	200	73%	300
Total ¹⁰	17,000	19,200	13%	48,700

The tables and figures presented below show complaints by type, actions taken, company responses.¹¹

Debt collection complaints

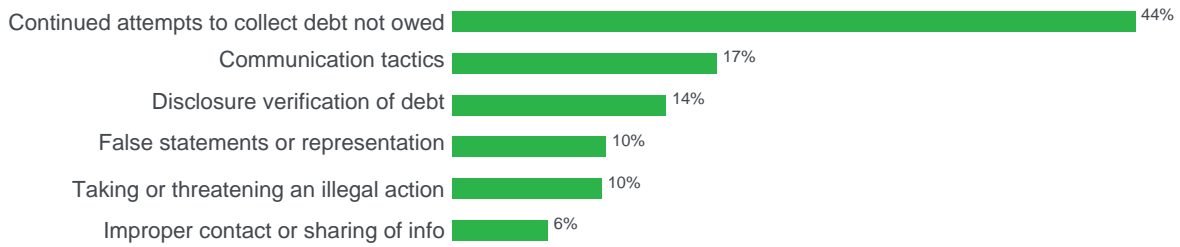
Figure 2 shows the types of debt collection complaints reported by servicemembers – approximately 8,900 debt collection complaints were handled by the CFPB in 2015.

⁹ Due to rounding to the nearest hundred, total complaint volume may not appear to directly correspond to yearly values.

¹⁰ Total column includes complaints where no specific consumer financial product was selected by servicemembers for 2014 and 2015.

¹¹ Percentages may not sum to 100% due to rounding.

FIGURE 2: 2015 TYPES OF DEBT COLLECTION COMPLAINTS REPORTED BY SERVICEMEMBERS



When compared to the general population who files complaints, servicemembers' complaints are nearly *twice* as likely to be about debt collection. As Figure 2 illustrates, the most common type of debt collection complaint is about continued attempts to collect a debt that the servicemember believes is not owed. In many of these cases, the attempt to collect the debt is not itself the problem; rather, servicemembers assert that the calculation of the amount of underlying debt is inaccurate or unfair. Complaints about debt collectors' communication tactics (telephone collections especially) are also still very common. In addition to the numerous complaints about collection calls, which servicemembers say are too frequent or at inconvenient times of the day, there was a significant number of complaints about calls to third parties or calls to the servicemember's place of employment, including their chain of command.

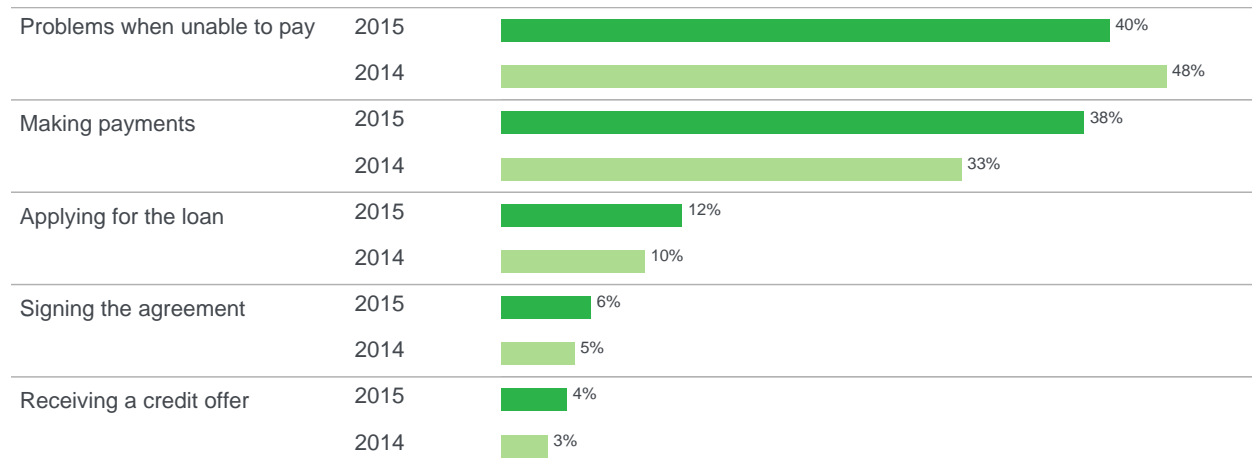
One specific type of debt that is often mentioned is medical debt. Medical debt concerns comprise 13 percent of servicemember debt collection complaints. The vast majority of our medical debt complaints come from our veteran population. We routinely hear from veterans who are struggling with debt collectors attempting to collect debts stemming from medical bills that should have been paid for by insurance. For example, many veterans leave the hospital believing their services were covered by their VA health insurance or Medicare/Medicaid, only to be hounded later by debt collectors requesting payment for these same services. These

veterans are often left stressed and worried about their credit report due to these potentially erroneous collections.¹²

Mortgage complaints

Figure 3 shows the types of mortgage complaints reported by servicemembers – approximately 2,800 mortgage complaints were handled by the CFPB in 2015.

FIGURE 3: TYPES OF MORTGAGE COMPLAINTS REPORTED BY SERVICEMEMBERS BY YEAR



In years past, the most common type of mortgage complaint involved problems servicemembers faced when they were unable to make payments, such as issues relating to loan modifications, collections, or foreclosures. While that is still true for complaints in 2015, the frequency of these complaints is significantly lower. Figure 3 illustrates this fact by comparing the 2015

¹² Medical debt collection problems are widespread throughout the general consumer population, see http://files.consumerfinance.gov/f/201412_cfpb_reports_consumer-credit-medical-and-non-medical-collections.pdf

servicemember mortgage complaint data to that of 2014. Even though the frequency was lower in 2015, servicemembers' concerns when unable to pay are consistent with previous years'. In particular, servicemembers continued to experience troubles with effective loss mitigation options when receiving Permanent Change of Station (PCS) orders.

Increasing a small amount from last year are servicemember complaints about the mortgage origination process (i.e., credit decision, underwriting and settlement process and costs). One issue of note in the origination process involves complaints submitted by veterans with a loan guaranteed by the Department of Veterans Affairs (VA). [The VA Home Loan program](#)¹³ is designed to help eligible borrowers become homeowners by guaranteeing their home loan with their lender. As with any type of home loan, once the loan has been made the consumer often relies on their servicer to explain the program and ensure they are receiving all the benefits associated with the program. We often hear from our disabled veteran consumers that they are struggling to receive a refund from their servicer of a funding fee they paid in connection with their VA home loan. Generally, all veterans who receive a VA home loan are charged a funding fee. Funding fees can range from 1.25 percent to over 3 percent of the total home loan. However, a veteran with a service-connected disability is not obligated to pay this fee and if they are charged the fee in error, their lender must provide a refund or a principal reduction if the fee was financed.

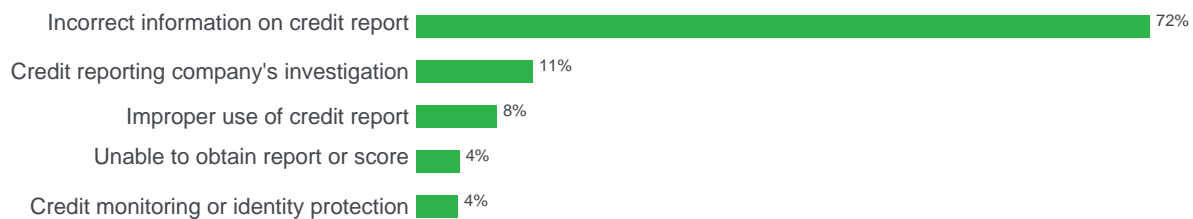
“As a 100 percent disabled US combat veteran, I am informed by VA that the terms of my VA mortgage entitle me to a refund of the funding fee the mortgage provider received when I took out the loan. ... Now, [company], despite numerous phone calls and requests for update, as well as an in-person meeting and referrals to VA contacts, has not returned this funding fee to me. I need help with [this company], which [is] in my view taking money from veterans in order to further their own gains.”

¹³ <http://www.benefits.va.gov/homeloans/>

Credit reporting complaints

Figure 4 shows the types of credit reporting complaints reported by servicemembers – approximately 2,200 credit reporting complaints were handled by the CFPB in 2015.

FIGURE 4: TYPES OF CREDIT REPORTING COMPLAINTS REPORTED BY SERVICEMEMBERS



This figure illustrates that the most common type of credit reporting complaint is about incorrect information appearing on the consumer’s credit report, such as information that does not belong to the consumer, incorrect account status, or incorrect personal information. Of the approximately 2,200 such complaints submitted by servicemembers in 2015, approximately 1,700 (77 percent) were about the three nationwide credit reporting companies.

Many active-duty servicemembers who submit credit reporting complaints highlight issues with fraud and identity theft. Many of these servicemembers complain that they return home from deployment or temporary duty stations to find fraudulent activity on their credit report. They often struggle to rectify the situation with both their creditors and the credit reporting companies.

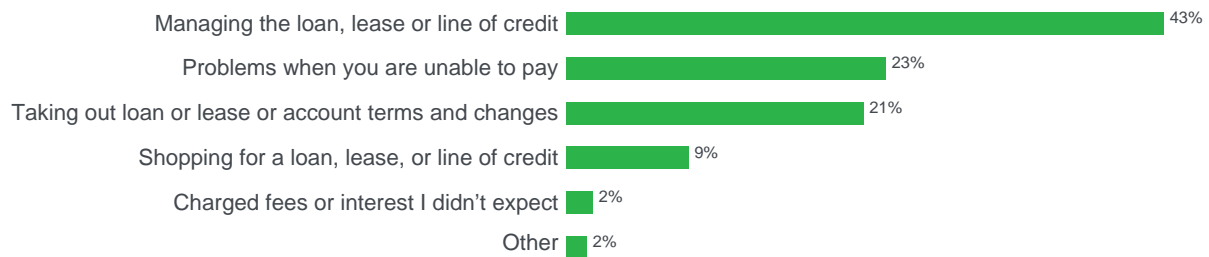
“I was recently on XXXX reviewing my [credit] information and I noticed [number] hard inquiries, as well as a credit card opened apparently in my name with [amount] tacked onto it. Until today, I have never heard of the bank nor opened any new accounts, seeing as I am deployed at the moment. Please help me resolve this. Thank you.”

The servicemember quoted above and many others who are in a similar situation could have potentially benefited from placing an Active Duty Alert on their credit file. For more information see our [Fraud Alert Fact Sheet](#).¹⁴

Consumer loan complaints

Figure 5 shows the types of consumer loan complaints, such as complaints about installment loans, vehicle loans and leases, personal lines of credit, and pawn and title loans reported by servicemembers – approximately 1,400 consumer loan complaints were handled by the CFPB in 2015.¹⁵

FIGURE 5: TYPES OF CONSUMER LOAN COMPLAINTS REPORTED BY SERVICEMEMBERS



The figure illustrates that the most common type of consumer loan complaint pertains to managing the loan, lease, or line of credit. Other common types of complaints address problems consumers have when they are unable to pay (including issues related to debt collection, bankruptcy, and default) and problems when taking out the loan or lease, such as term changes.

¹⁴ http://files.consumerfinance.gov/f/201508_cfpb_fraud-protection-tools-to-help-safeguard-servicemembers.pdf

¹⁵ The Bureau began handling complaints about pawn and title loans as part of the consumer loan complaint category on July 19, 2014.

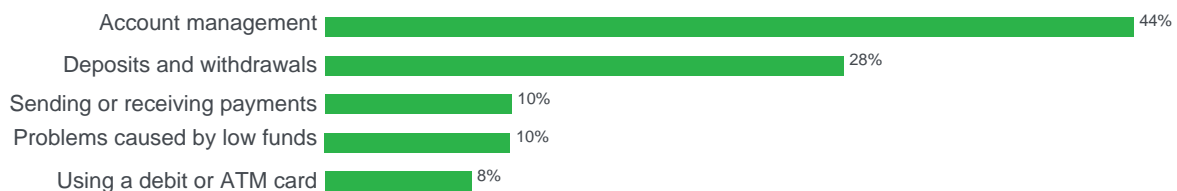
Due to the nature of the military lifestyle, servicemembers frequently report unique struggles with their auto loans. We have heard from servicemembers who, after receiving orders to move overseas, discovered their loan contract did not allow them to take their car out of the country. Consumers express frustration over having to pay to store their car at home or deal with selling their car while they are gone. They were often completely unaware of this restriction when they took out the loan.

“I am serving [in the military]. My family and I have received orders to report to [overseas]. We are permitted to take a vehicle with us to XXXX. The company which ships the vehicles requires either a clear title, or a letter of approval from a vehicle lien holder...I contacted [company] and requested a letter of authorization to ship my vehicle to XXXX. I was told they would not be providing me such a letter. ... Having a vehicle in XXXX would help my wife and children tremendously. If I am not allowed to ship my vehicle, I have no idea how or where I would store the vehicle for the three years we will be stationed in XXXX...Even if such a clause exists in their financing agreement prohibiting transporting vehicles outside the country, I believe such a clause would be unconscionable for military servicemembers...I would have never financed with [company] had I known they would deny me the ability to take my vehicle with me to an [overseas] duty station.”

Bank account and service complaints

Figure 6 shows the types of bank account and service complaints, such as complaints about checking and savings accounts, reported by servicemembers – approximately 1,100 bank account and service complaints were handled by the CFPB in 2015.

FIGURE 6: TYPES OF BANK ACCOUNT AND SERVICE COMPLAINTS REPORTED BY SERVICEMEMBERS



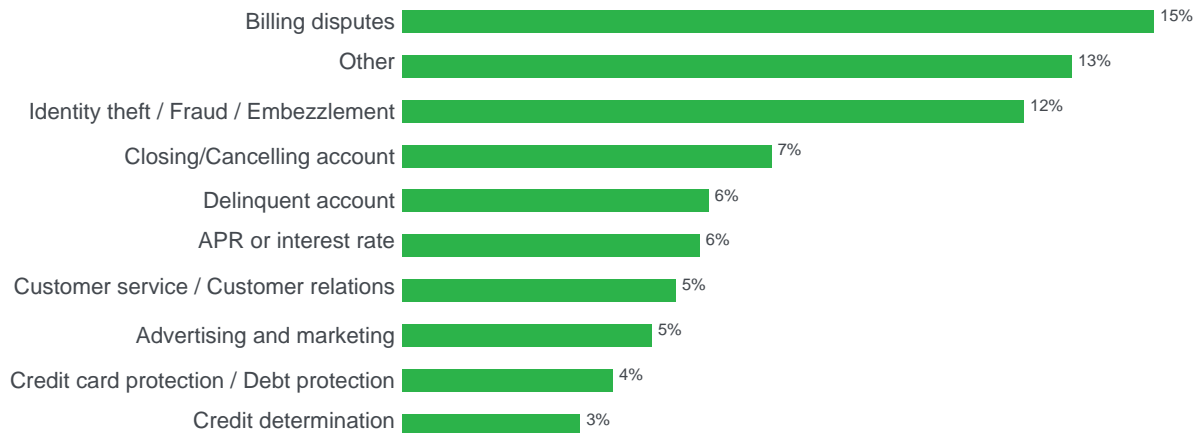
As the above figure illustrates, the most common type of bank account and service complaint relates to opening, closing, or managing the account. These complaints address issues such as account maintenance fees, legal processing fees for judgments and levies, changes in account

terms, confusing marketing, early withdrawal penalties for certificates of deposit, and involuntary account closures. Other common complaints relate to deposit and withdrawal issues, such as transaction holds, the company’s right to use offset to remove funds from a deposit account, and unauthorized debit card charges. In this area, many servicemembers are frustrated by companies’ handling of error disputes and requests to stop payment on preauthorized electronic debits. Another common type of complaint relates to problems caused by a consumer’s low account balance, including overdraft fees, bounced checks, charged-off accounts, and negative reporting to credit reporting agencies. In this area, many servicemembers are frustrated by the way that the financial institution chooses the order in which deposits and withdrawals are posted to servicemembers’ accounts, which seems to maximize overdraft fees.

Credit card complaints

Figure 7 shows the most common types of servicemember credit card complaints handled by the CFPB in 2015. About 77 percent of the approximately 1,100 credit card complaints fell into these 10 categories.

FIGURE 7: MOST COMMON CREDIT CARD COMPLAINTS REPORTED BY SERVICEMEMBERS



As the above figure illustrates, billing disputes are the most common type of credit card complaint. Consumers continue to complain that they are confused and frustrated by the billing process and by their limited ability to challenge inaccuracies on their monthly credit card billing statements outside of disputing the charge directly with the company and/or submitting a complaint with the CFPB.

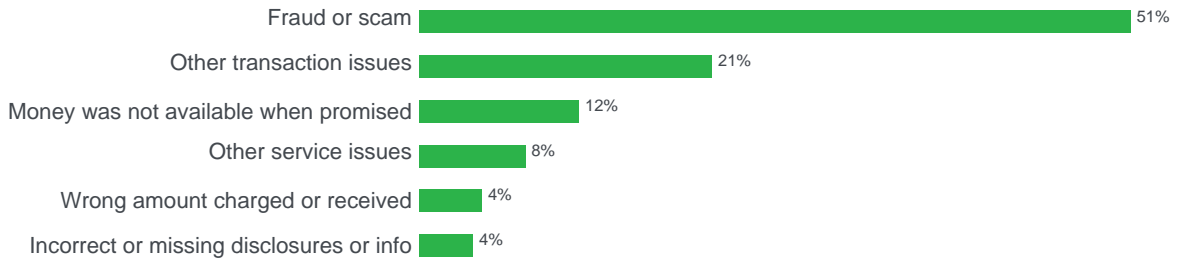
A specific type of billing issue we hear about from servicemembers is their frustration with introductory promotions offered when opening a new credit card account. One of the most common promotions is the zero-percent introductory interest rate card which allows a consumer to make purchases and carry a balance on their credit card for a specific period of time without accruing any interest on that balance. Servicemembers complain that they were not aware of all the terms of these programs – specifically, the requirement that the entire balance be paid in full at the end of the introductory period, and the fact that, if it is not, interest will be retroactively charged on all purchases since the card was opened. This is true regardless of any payments that may have been made during the introductory period, if the payments don't result in the entire balance being paid before the end of the introductory period. Many of these servicemembers report that they made their minimum payment or more in good faith and believed that after the zero percent period ended, they would be charged interest only on whatever balance was left; however, they were not prepared for the shock of being charged all the interest that would have accumulated from day one, as if they never had a zero percent deal, at all. For more information on the Consumer Credit Card Market, read the Bureau's most recent report [here](#).¹⁶

Payday loan complaints

Figure 8 shows the types of payday loan complaints reported by servicemembers – approximately 500 payday loan complaints were handled by the CFPB in 2015.

¹⁶ http://files.consumerfinance.gov/f/201512_cfpb_report-the-consumer-credit-card-market.pdf

FIGURE 8: TYPES OF PAYDAY LOAN COMPLAINTS REPORTED BY SERVICEMEMBERS



Of the 500 payday loan complaints submitted by servicemembers, approximately 56 percent were about problems consumers experienced after obtaining a payday loan online. Approximately 17 percent reported problems after obtaining a payday loan in person or at a store. For the remaining approximately 28 percent of complaints, the consumer did not indicate how the loan was obtained.

Many servicemembers also submit debt collection complaints related to payday loans. The cost and structure of a particular loan can make it difficult for servicemembers to repay. This topic and other short-term financing problems for servicemembers are covered in the November 2015 Snapshot report found [here](#).¹⁷

Student loan complaints

Figure 9 shows the types of student loan complaints reported by servicemembers – approximately 400 student loan complaints were handled by the CFPB in 2015.

¹⁷ http://files.consumerfinance.gov/f/201511_cfpb_snapshot-of-servicemember-complaints.pdf

FIGURE 9: TYPES OF STUDENT LOAN COMPLAINTS REPORTED BY SERVICEMEMBERS



The most common type of student loan complaint concerns problems consumers confront when they are dealing with lenders or servicers. Consumers also report problems when they are unable to pay, such as issues related to default, student debt collection, and bankruptcy. Consumers complain that they struggle with the limited affordable payment options permitted in their loan agreements. Specifically, some consumers say they are unable to refinance or restructure the repayment terms of their loan, either to lower monthly payments during periods of financial hardship or to improve existing terms based upon the consumer’s improved credit profile and credit-worthiness. Some consumers also express confusion about the difference between their private loans and federal student loans, specifically when it comes to forbearance and deferment options.

The Bureau receives a significant number of complaints from servicemembers experiencing issues during their annual recertification of income-driven repayment plans. In order to keep their monthly payment set at a specific percentage of their income, borrowers must submit their application and certify their current annual income every year (known-as “recertification”). If the recertification process is not completed in time, borrowers receive a revised billing statement. The new statement uses a monthly payment calculation that is based on the amount they would have owed under a standard 10-year repayment plan— usually much higher than the amount they paid under their income-driven plan.

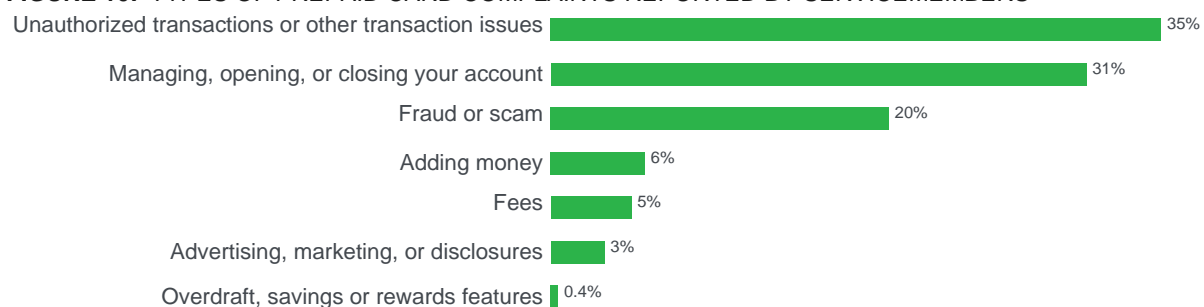
The complaints reveal that servicers frequently fail to effectively communicate about the recertification process, and, as a result, borrowers struggle to meet these necessary deadlines. We hear from borrowers that their only option is to place their account into forbearance while they wait on the completion of their recertification in order to lower their payment back to an

affordable amount. Even if forbearance is available to the borrower, they are still subject to interest capitalization during that time. In addition, among other issues, there is also a potential for lost subsidy and lost credit toward loan forgiveness. [Read here](#) for more information on income-driven repayment plans and recertification.¹⁸

Prepaid card complaints

Figure 10 shows the types of prepaid complaints reported by servicemembers – approximately 300 prepaid complaints were handled by the CFPB in 2015.¹⁹

FIGURE 10: TYPES OF PREPAID CARD COMPLAINTS REPORTED BY SERVICEMEMBERS



The most common types of prepaid card complaints involved unauthorized transactions or other transaction issues and managing, opening, or closing a prepaid card account. Servicemembers also commonly complain about frauds and scams in relation to prepaid cards. The remaining issues involve difficulty adding money, various fees assessed to the cards, misleading advertising, and compensation on rewards programs.

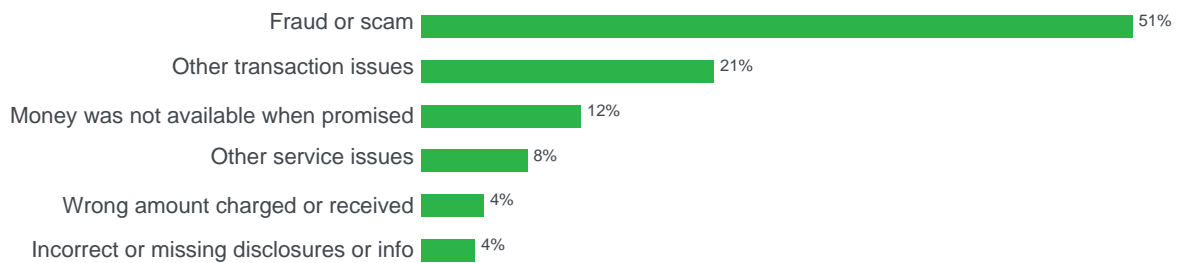
¹⁸ <http://www.consumerfinance.gov/blog/when-you-make-student-loan-payments-on-an-income-driven-plan-you-might-be-in-for-a-payment-shock/>

¹⁹ The Bureau began handling complaints about prepaid cards on July 19, 2014.

Money transfer complaints

Figure 11 shows the types of money transfer complaints reported by servicemembers – approximately 200 money transfer complaints were handled by the CFPB in 2015.²⁰

FIGURE 11: TYPES OF MONEY TRANSFER COMPLAINTS REPORTED BY SERVICEMEMBERS



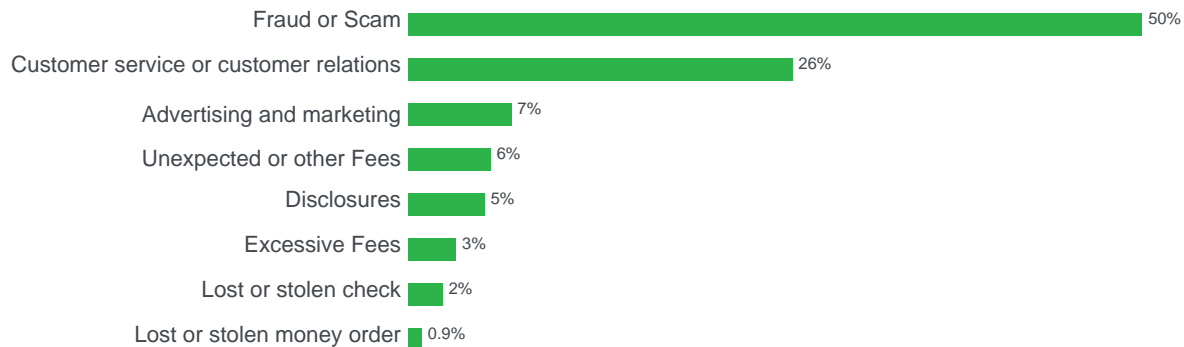
This figure illustrates that the most common type of money transfer complaint was about fraud or scams. In these cases, the servicemember is prompted to send funds as a result of a scam, and someone other than the servicemember’s intended recipient ultimately receives the funds. For example, a complaint might state that they were prompted to transfer funds in response to a request for help from a family member or friend; for the purchase of goods or services; the rental of an apartment; a loan, or a job opportunity; or to pay taxes on lottery earnings. Servicemembers report that in response to such complaints, companies engaged in money transfers suggest that they have no liability when someone other than the intended recipient receives the funds, as long as the company complied with its own policies and procedures and the minimum identification requirements were satisfied by the recipient. Another common type of complaint involves issues with other transactions, such as the refusal to cancel transactions or honor refunds when the servicemember believes the company should provide them.

²⁰ The Bureau began handling complaints about virtual currency as part of the money transfer complaint category on August 11, 2014.

Other financial services complaints

Figure 12 shows the types of other financial services complaints reported by servicemembers – approximately 200 other financial services complaints were handled by the CFPB in 2015.²¹

FIGURE 12: TYPES OF OTHER FINANCIAL SERVICES COMPLAINTS REPORTED BY SERVICEMEMBERS



Of the 200 “other financial services” complaints submitted by servicemembers, approximately 50 percent dealt with fraud or scams. Approximately 26 percent of complaints were about customer service issues, while approximately 16 percent of complaints dealt with excessive fees or unexpected fees and advertising and marketing. The remaining complaints (approximately 8 percent) for other financial services involved issues with disclosures and lost or stolen checks or money orders.

How companies respond to servicemember complaints

Approximately 11,600 (or 61 percent) of all servicemember complaints handled by the CFPB in 2015 were sent by the office of Consumer Response to companies for review and response. (The

²¹ CFPB began accepting complaints about check cashing, credit repair, debt settlement, foreign currency exchange, money orders, refund anticipation checks, and travelers’ and cashiers’ checks on July 19, 2014.

remaining complaints have been referred to other regulatory agencies (30 percent), found to be incomplete (8 percent), or are pending with the consumer or the CFPB (0.8 percent and 0.2 percent, respectively). For more information on the complaint process, refer to Appendix A. Table 2 shows how companies responded to these complaints during this time period.

Company responses include descriptions of steps taken or that will be taken, communications received from the consumer, any follow-up actions or planned follow-up actions, and a categorization of the response. Response category options include “Closed with monetary relief,” “Closed with non-monetary relief,” “Closed with explanation,” “Closed,” “In progress,” and other administrative options.

“Monetary relief” is defined as objective, measurable, and verifiable monetary relief to the consumer as a direct result of the steps taken or that will be taken in response to the complaint. “Closed with non-monetary relief” indicates that the steps taken by the company in response to the complaint did not result in monetary relief to the consumer that is objective, measurable, and verifiable, but may have addressed some or all of the consumer’s complaint involving non-monetary requests. “Non-monetary relief” is defined as other objective and verifiable relief to the consumer as a direct result of the steps taken or that will be taken in response to the complaint. “Closed with explanation” indicates that the steps taken by the company in response to the complaint included an explanation that was tailored to the individual consumer’s complaint. For example, this category would be used if the explanation substantively meets the consumer’s desired resolution or explains why no further action will be taken. “Closed” indicates that the company closed the complaint without relief – monetary or non-monetary – or explanation. Consumers are given the option to review and dispute all company closure responses.

Companies have responded to approximately 94 percent of servicemember complaints²² sent to them and report having closed 90 percent of the servicemember complaints sent to them. Table 2 shows how companies have responded to servicemember complaints.

TABLE 2: HOW COMPANIES HAVE RESPONDED TO SERVICEMEMBER COMPLAINTS²³

	Closed with monetary relief	Closed with non-monetary relief	Closed with explanation	Closed (without relief or explanation)	Administrative response	Company reviewing	Company did not provide a timely response
Debt collection	1%	16%	66%	5%	1%	3%	8%
Credit reporting	<1%	25%	70%	<1%	1%	3%	<1%
Mortgage	3%	4%	82%	2%	3%	4%	2%
Credit card	16%	12%	64%	1%	2%	4%	<1%
Bank account or service	17%	7%	68%	1%	2%	4%	<1%
Consumer loan	6%	8%	75%	1%	3%	4%	2%
Student loan	6%	7%	80%	<1%	1%	4%	1%

²² Companies have responded to approximately 10,900 of the 11,600 sent to them for response.

²³ While companies' responses under previous categorizations were maintained, for operational and reporting purposes, responses categorized as "full resolution provided," "partial resolution provided," and "closed with relief" are considered a subset of "closed with monetary relief," and responses categorized as "no resolution provided" and "closed without relief" are categorized as "closed with explanation."

	Closed with monetary relief	Closed with non-monetary relief	Closed with explanation	Closed (without relief or explanation)	Administrative response	Company reviewing	Company did not provide a timely response
Payday loan	2%	1%	61%	2%	19%	4%	10%
Money transfer	5%	<1%	86%	1%	<1%	7%	1%
Prepaid	27%	13%	40%	1%	2%	13%	3%
Other financial services	8%	4%	79%	<1%	4%	5%	<1%
All	4%	13%	70%	3%	2%	4%	4%

The CFPB requests that companies respond to complaints within 15 calendar days. If a complaint cannot be closed within 15 calendar days, a company may indicate that its work on the complaint is “In progress” and provide a final response within 60 calendar days. As shown in Table 2, servicemembers did not receive a timely response in 4 percent of complaints sent to a company.

Companies have the option to provide non-monetary relief in response to complaints. Servicemembers have received a range of non-monetary relief in response to their complaints, such as:

- providing mortgage foreclosure alternatives that did not include direct monetary payments to the consumer, but that helped them to keep their home;
- stopping harassment from debt collectors;
- cleaning up consumers’ credit reports by correcting submissions to credit bureaus; restoring or removing a credit line that was inaccurately reported;
- correcting account information, including in credit reports; and
- addressing formerly unmet customer service issues.

Companies also have the option to report an amount of monetary relief, where applicable. From January 1, 2015 through December 31, 2015, companies provided relief amounts in response to approximately 500 servicemember complaints. For companies which have reported monetary relief, the median amount of relief reported was \$134; however, the amount varies by product.

Outreach

In addition to monitoring and analyzing complaints submitted to the Bureau by members of the military community, OSA routinely engages in outreach that supports its mission to educate and empower servicemembers about financial matters while also coordinating with other agencies on military consumer protection measures.

OSA conducted its outreach through a series of activities designed to reach servicemembers at the places where they live and work, and to encourage them to use CFPB resources, including the complaint system.

Installation visits

OSA visited 19 military installations in the United States and the U.S. Territory of Guam in 2015. In addition to participating in Executive Round Tables and conducting Town Halls, OSA took the opportunity to hear directly from servicemembers in order to enhance its work of protecting the military community from consumer financial harm.



Holly Petraeus, Assistant Director for Servicemember Affairs, speaks to Sailors about consumer protection education during outreach events aboard the submarine tender USS Frank Cable (AS 40), Oct. 5 in Polar Point, Guam. (Photo by Mass Communication Specialist 2nd Class Jonathan T. Erickson/U.S. Navy)

Educational briefings, outreach events and community collaborations

Along with the installation visits, OSA conducted more than 60 outreach events across the United States to engage various stakeholder groups and deliver consumer resources directly to the military community. These stakeholder groups consisted of a diverse field of leaders, educators, practitioners and military consumer protection advocates in the armed services, academia, law, financial industry groups, federal and state governments, and others.

The outreach events also varied in scope and included efforts such as conducting military consumer legal protection briefings at Judge Advocate General schools for the Army, Navy, Air Force, and Marine Corps; providing senior executive-level training for Navy and Marine Corps new installation commanders and Air Force Wing Commanders; providing training at professional development seminars for financial educators; exhibiting at financial education

fairs; and having OSA leadership address influential industry groups about financially empowering servicemembers.

Veterans outreach events

OSA expanded its engagement campaign geared towards the nation's 22 million veterans by conducting 16 veteran outreach events that focused on forming resource-building collaborations with governmental and non-governmental veteran support organizations that promote consumer protection. This bridge-building effort included providing "CFPB 101" and other issue-specific briefings to prominent veterans service organizations; engaging with public policy groups to identify baseline consumer issues for older veterans; establishing relationships with local veterans' courts, faith-based service providers, neighborhood partnerships and women's groups looking for resources to address financial risk factors for veterans; working with veterans authorities to create distribution pipelines for CFPB educational materials at the state and local levels; and engaging military retirees directly at installation retiree appreciation events.

Digital engagement:

OSA continued to deliver financial education, information and resources to consumers using its digital distribution and social media channels. In addition to its routine social media engagement, OSA also partnered with other federal agencies and some non-profit organizations to host several social-media town halls. These joint social media events provided an opportunity for military consumers and stakeholders to have their questions answered by OSA and its content partners in real-time.

The Office expanded its catalogue of online training courses for military financial educators by creating a new forum that highlights the Consumer Complaint Process.

[The forums are available online.](#)²⁴

National partnerships and promotions

OSA collaborated with other federal agencies and certain non-governmental organizations to support nationwide savings, financial literacy and consumer protection campaigns geared to the military community. OSA supported both Military Saves Week in February and Military Consumer Protection Day in July by conducting a series of activities that included giving financial readiness presentations to servicemembers at various military installations around the United States; conducting social media events, setting up and staffing information kiosks at events around the country; and creating multimedia promotional content for these efforts.

²⁴ <http://www.consumerfinance.gov/servicemembers/on-demand-forums-and-tools/>

2. Enforcement

In addition to its supervisory exams, the CFPB aims to enforce the consumer protection laws within the Bureau's jurisdiction and to support consumer-protection efforts nationwide by investigating potential violations, both independently and in conjunction with other federal and state law enforcement agencies.

Conducting investigations

Since the CFPB's launch, the Offices of Enforcement (Enforcement) and Fair Lending and Equal Opportunity (Fair Lending) have been investigating potential violations of federal consumer financial laws. Some investigations were transferred to the Bureau by the prudential regulators and the Department of Housing and Urban Development (HUD), while the Bureau has initiated other investigations based on potentially problematic practices that Bureau staff identified or consumers and others reported. In utilizing its investigation resources, Enforcement considers many factors, including amount of consumer harm and the significance of the potential law violation. Investigations currently underway span the full breadth of the Bureau's enforcement jurisdiction. Further detail about ongoing investigations will not generally be made public by the Bureau until a public enforcement action is filed.

Enforcement actions

The Bureau was a party in many public enforcement actions in 2015. Four of these particularly impacted servicemembers and provided them with over \$5 million in refunds and other relief.

Consumer Financial Protection Bureau v. Security National Automotive Acceptance Company, LLC (S.D. OH. No. 1:15-cv-401) (order entered on October 28, 2015)

The Bureau brought an Enforcement action against Security National Automotive Acceptance Company, LLC (SNAAC), an Ohio auto lender, for engaging in unfair, deceptive, and abusive acts or practices in violation of the Consumer Financial Protection Act of 2010 (CFPA), including threatening to contact consumers' commanding officers regarding unpaid debt, disclosing consumers' debts to commanding officers and characterizing delinquencies as military violations subjecting the consumers to discipline, and falsely implying that the company intended to sue consumers when the company had not yet determined whether or not it would take such action. SNAAC was ordered to refund or credit over \$2 million to servicemembers and other consumers who were allegedly harmed and to pay a penalty of \$1 million. A district court stipulated judgment and order bans SNAAC from using aggressive tactics, such as exaggeration, deception, and threats to contact commanding officers, to coerce servicemembers into making payments.

Consumer Financial Protection Bureau v. Fort Knox National Company and Military Assistance Company, LLC (File No. 2015-CFPB-008) (consent order entered April 20, 2015).

The CFPB took action against Fort Knox National Company and Military Assistance Company, a processor of military allotments, for charging servicemembers fees without adequate disclosures. The CFPB determined that their failure adequately to disclose fees to servicemembers constituted unfair, deceptive, and abusive acts and practices in violation of the CFPA. Fort Knox National Company and Military Assistance Company agreed in a consent order to pay about \$3 million in redress to affected servicemembers and required them clearly to disclose consumer fees in their payment processing businesses.

In the matter of RMK Financial, Corp. (File No. 2015-CFPB-0007) (consent order entered April 9, 2015).

The CFPB took action against RMK Financial Corporation for deceptive mortgage advertising practices and failure to comply with the disclosure requirements for variable-rate mortgage products. The CFPB found that RMK Financial made material misrepresentations in its advertisements that improperly suggested that RMK Financial was, or was affiliated with, a

United States government entity, or that the advertised mortgage credit products were endorsed or sponsored by a government program. RMK sent its advertisements to tens of thousands of U.S. military servicemembers and veterans, and other holders of VA-guaranteed mortgages. The CFPB found that the conduct violated Regulation N and the deceptive acts and practices prohibition in the CFPA. In addition, the CFPB found that RMK Financial's advertisements contained misrepresentations about the loans' interest rates and estimated monthly payments. The CFPB found that the conduct violated the CFPA and Truth in Lending Act (TILA) and its implementing regulation, Regulation Z. RMK Financial was ordered to pay \$250,000 in civil money penalties and to comply with applicable federal laws.

In the Matter of: NewDay Financial, LLC (File No. 2015-CFPB-0004) (consent order entered February 10, 2015).

Through a consent order, NewDay Financial, LLC was required to pay a \$2 million civil money penalty for violations of the CFPA and Section 8 of the Real Estate Settlement Procedures Act (RESPA). NewDay is a non-bank mortgage lender focusing on originating refinance mortgage loans guaranteed by the Veterans Administration. In 2010, NewDay entered into a marketing relationship with a veterans' organization and was named the "exclusive lender" of that organization, but NewDay failed to disclose in advertising materials to consumers that the veterans' organization had a financial relationship with NewDay. This failure to disclose the relationship in the circumstances constituted a deceptive act or practice, which violates the CFPA. In addition, NewDay's payments to the veterans' organization and the coordinating company for referral activities constituted illegal referral payments in violation of the RESPA.

3. Conclusion

As servicemember complaint volume continues to grow, OSA is continuously reminded how important the mission of our office is – to work on consumer financial challenges affecting military personnel, veterans, and their families – and how important it is to inform our work by monitoring their complaints to the CFPB. Debt collection continued to be the largest complaint category in 2015, with servicemembers, veterans and their families complaining about debt collection issues at nearly *twice* the rate of the general consumer population who also submitted complaints with the Bureau. In addition to monitoring complaints submitted to the Bureau, OSA will continue its outreach activities to hear directly from servicemembers, veterans and their families about the consumer financial issues that are challenging them. It's worth noting that this year alone, prompted by servicemember complaints, the Bureau took action against four lenders that focused on the military – providing millions in relief to the affected individuals.

APPENDIX A:

A look into how a complaint is handled by the CFPB

Complaint process

In keeping with the CFPB's statutory responsibility and its commitment to accountability, the following pages provide an overview of the handling and analysis of complaints received by the Bureau from January 1, 2015, through December 31, 2015.

The CFPB's Consumer Response team screens complaints submitted by consumers based on several criteria, including whether the complaint falls within the Bureau's enforcement authority, whether the complaint is complete, and whether the complaint is duplicative of a prior submission by the same consumer. Screened complaints are forwarded via a secure web portal to the appropriate company.²⁵ The company reviews the information, communicates with the consumer as needed, and determines what action to take in response. The company then reports back to the consumer and the CFPB via the secure company portal, and the Bureau invites the consumer to review the response and provide feedback.²⁶ Consumer Response analyzes complaints, company responses and consumer feedback to spot trends and identify risks to consumers to inform the Bureau's work, including the identification of supervisory and

²⁵ If a particular complaint does not involve a product or market that is within the Bureau's jurisdiction or that is not currently being handled by the Bureau or the company is not yet responding to complaints in our system, Consumer Response does not forward the complaint to the company. However, those complaints are used by the Bureau in its enforcement and supervision activities or referred to the appropriate regulator.

²⁶ The CFPB requests that companies respond to complaints within 15 calendar days. If a complaint cannot be closed within 15 calendar days, a company may indicate that its work on the complaint is "In progress" and provide a final response within 60 calendar days.

enforcement priorities that lead to resolutions that benefit large numbers of consumers. Consumers who have submitted complaints to the Bureau through Consumer Response can log onto the secure consumer portal available on the CFPB's website, or call a toll-free number, to receive status updates, provide additional information, and review responses provided to the consumer by the company. The process seeks to ensure that consumers receive timely responses to their complaints and that the Bureau, other regulators, consumers, and the marketplace have the complaint information needed to improve the functioning of consumer financial markets for such products and services.



APPENDIX B:

Throughout this process, subject-matter experts help monitor certain complaints

The Consumer Complaint Database

The CFPB began Consumer Response operations on July 21, 2011, by accepting consumer complaints about credit cards. The Bureau now accepts complaints about an array of products and services including mortgages, bank accounts and services, student loans, vehicle and other consumer loans, credit reporting, money transfers, debt collection, payday loans, prepaid cards, additional nonbank products (including debt settlement services, credit repair services, and pawn and title loans), and digital currency. The CFPB continues to work toward expanding its complaint-handling capacity and plans to include other products and services. Consumers may also contact the CFPB with questions about other products and services. The Bureau answers questions and refers consumers to other regulators or additional resources as appropriate.

Consumer Complaint Database

Each week we send thousands of consumers' complaints about financial products and services to companies for response. Those complaints are published here after the company responds or after 15 days, whichever comes first. By adding their voice, consumers help improve the financial marketplace.



Consumers have let us know they want to share their complaint descriptions so others can learn from their experience.



View, sort, and filter data right in your browser.



All complaint data we publish is freely available for anyone to use, analyze, and build on.

consumerfinance.gov/complaintdatabase

Information about consumer complaints is available to the public through the Bureau's public Consumer Complaint Database (the database), launched on June 19, 2012. The database was initially populated with certain information²⁷ from credit card complaints received on and after June 1, 2012, and has been expanded over time:

- October 2012: added credit card complaints dating back to December 1, 2011;
- March 2013: added mortgage complaints dating back to December 1, 2011, bank account and service complaints, student loan complaints, vehicle and other consumer loan complaints, all dating back to March 1, 2012;
- May 2013: added credit reporting complaints dating back to October 22, 2012 and money transfer complaints dating back to April 4, 2013;

²⁷ The database does not include any personally identifiable information submitted by consumers.

- November 2013: added debt collection complaints dating back to July 10, 2013;
- July 2014: added payday loan complaints dating back to November 6, 2013;
- January 2015: added prepaid cards, other consumer loans (pawn and title), and other financial services dating back to July 19, 2014;
- June 2015: added consumer complaint narratives and optional company public responses;²⁸ and
- February 2016: Servicemember and Older American tags added to complaints where the individual has self-identified as a servicemember, veteran or family member.

A complaint is listed in the database when the company responds to the complaint, or after the company has had the complaint for 15 days, whichever comes first. Complaints can be removed if they do not meet all of the publication criteria.²⁹

The database updates nightly, and contains certain individual complaint-level data collected by the CFPB, including the type of complaint, the date of submission, the consumer's zip code, and the company that the complaint concerns. The database also includes information about the actions taken by a company in response to a complaint – whether the company's response was timely, how the company responded, and whether the consumer disputed the company's response. The database does not include confidential information about consumers' identities.

²⁸ See Disclosure of Consumer Complaint Narrative Data, 80 Fed. Reg. 15572 (March 24, 2015).

²⁹ Not all complaints handled by the Bureau are published in the public Consumer Complaint Database. Complaints that do not meet the publication criteria may be removed from the database. The database lists complaints where the companies have had the opportunity to provide a response or after the companies have had the complaint for 15 calendar days - whichever comes first. The publication criteria are available at

http://files.consumerfinance.gov/f/201503_cfpb_disclosure-of-consumer-complaint-narrative-data.pdf.

On June 25, 2015, the CFPB began to publish consumer complaint narratives in the Consumer Complaint Database. Consumers now have the choice to share in their own words their experiences with the consumer financial marketplace. Only those narratives for which opt-in consumer consent is obtained and to which a robust personal information scrubbing process is applied are eligible for inclusion.³⁰ The CFPB gives companies the option to respond publicly to the substance of the consumer complaints they receive from the CFPB by selecting from a set list of public-facing response categories.

Web-based features of the database facilitate the ability to filter data based on specific search criteria, to aggregate data in various ways, such as by complaint type, company, zip code, date, or any combination of available variables, and to download data. Information from the database has been shared on social media and evaluated using other new applications.

The Bureau continually strives to improve data quality and protect sensitive information, while making data increasingly available through reports to Congress and to the public about the complaints the CFPB receives and by sharing certain data with the public through the Consumer Complaint Database.

³⁰ The number of complaints published in the database may be fewer than the total number of complaints handled by the Bureau.

APPENDIX C:

More about the CFPB

WEBSITE:

www.consumerfinance.gov

CONSUMER COMPLAINTS AND QUESTIONS:

Webpage: consumerfinance.gov/complaint

Toll free number: (855) 411-CFPB (2372)

TTY/TDD: (855) 729-CFPB (2372)

Fax number: (855) 237-2392

Hours of operation: 8 a.m. - 8 p.m. EST, Monday - Friday, services in 180+ languages

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EDUCATIONAL INFORMATION:

Ask CFPB: <http://www.consumerfinance.gov/askcfpb/>

Resources: <http://www.consumerfinance.gov/library-resources/>

WHISTLEBLOWERS:

Email: whistleblower@consumerfinance.gov

Toll free number: (855) 695-7974

PRESS & MEDIA REQUESTS:

Email: press@consumerfinance.gov

OFFICE OF LEGISLATIVE AFFAIRS:

Legislative Affairs: (202) 435-7960

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