

September 22, 2014

Honorable Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street N.W. Washington, D.C. 20552

Via regulation.gov

CFPB Complaint Narrative Comments
Docket Number: CFPB-2014-0016

Dear Director Cordray,

The undersigned student, education, legal aid, and consumer groups enthusiastically support the Consumer Financial Protection Bureau's (CFPB) proposal to publish consumer narratives, especially student loan narratives, in the Bureau's public complaint database. We also urge the Bureau to expand and refine the complaint website to better capture the full spectrum of student loan issues. These measures will help students and their families successfully manage and repay their student loans, and strengthen the CFPB's and other regulators' ability to monitor the student loan industry and enforce the law.

At last report, several thousand complaints had been filed with the CFPB about private student loans, servicers, and debt collectors.¹ The volume of complaints will only increase as the private student loan and refinancing market expands; more people take out student loans; and the public increasingly becomes informed about the CFPB's role in student loan issues. Refining the complaint database in the ways suggested below will increase the utility of these complaints.

Narratives allow for a better understanding of the issues

We strongly agree with the Bureau that making dispute details public permits others to put a complaint in context. The addition of narratives will give the public a much richer understanding of the problems reported, and allow them to better assess the seriousness of the complaints. Full narratives will help the public, regulators, state and federal law enforcement agencies, and advocates analyze and understand how student loan servicers and debt collectors succeed and fail in helping borrowers navigate the complexities of managing and repaying loans. The narratives will allow individuals and advocates to assist the Bureau in detecting destructive patterns and trends before extensive damage is done.

¹ Consumer Financial Protection Bureau, Mid-year update on student loan complaints (April 2014), *available at* http://files.consumerfinance.gov/f/201404_cfpb_midyear-report_private-student-loans-2014.pdf.

Refine the website to better capture information about federal student loan servicing and collections, private student loan refinancing, and for-profit colleges.

We congratulate the Bureau on the generally excellent design and usability of the complaint website. However, the student loan-related forms should be further refined to accurately capture all complaints related to private student loans, private student loan refinancing, federal and private servicing, and federal and private debt collection. We offer the following suggestions:

- **Update the Student Loan form to better gather complaints about federal student loan servicers and federal student loan debt collectors.** The Student Loan form will not let users proceed if they indicate they have a federal student loan. Instead, it links them to the Department of Education’s complaint form. This may prevent consumers with complaints about their federal student loan servicer or debt collector from completing the CFPB’s Student Loan form. The form should be revised to ensure that federal servicer and collector complaints are collected, addressed, and made public, since no other government entity currently provides this information to the public.
- **Include student loan debt collection complaints under the Student Loan icon/form.** Student loan debt collection (federal and private) is currently split out from the general Student Loan form and placed under the separate icon labeled Debt Collection. But users may think of their complaint as a “student loan” complaint, not a “debt collection” complaint. Users with a collection issue who click on the Student Loan icon and do not see options for collection-related complaints may become confused and leave the site, rather than realizing that they should navigate to the Debt Collection icon.
- **Include fields customized to capture specific federal student loan debt collection and servicing issues.** The current debt collection fields mainly correspond to the collection of private consumer debt, and do not include specific features of federal student loan debt collection. Additional fields should be added to gather information about problems unique to federal student loan debt collection, such as the inability to access repayment plans and rehabilitation.² Likewise, additional fields should be included to capture information about federal servicing, such as inability to enroll in federal repayment plans or inability to properly credit extra payments to principal.
- **Include fields to capture information about private student loan refinancing and conversion of federal loans into private loans.** The

² For a summary of current problems in federal student loan debt collection that could serve as a basis for revisions to the database, see National Consumer Law Center, Pounding Student Loan Borrowers (Sept. 2014), <http://www.studentloanborrowerassistance.org/wp-content/uploads/2013/05/report-sl-debt-collectors.pdf>.

current Student Loan form does not solicit information about private student loan refinancing, which may confuse consumers with complaints about refinanced loans. In particular, consumers who convert federal loans into private loans through refinancing may not understand whether to select “federal” or “non-federal” loan, and may not enter their complaints or may be shunted to the Department of Education’s site. This is particularly important given the recent growth in advertising of private refinancing products marketed to federal student loan borrowers.

- **Include a field for name of school.** As the Bureau’s recent complaints filed against ITT and Corinthian demonstrate, a student’s loan problem may be attributable at least in part to the institution of higher education attended. Hence, the school name is important information for the database to collect. The form should also clarify that “non-federal loan” loan includes a loan arranged or made by a school, since students may not understand the role of third-party lenders because of how the loan was offered to them by the school’s financial aid counselors.

Expand collection of data about protected class

We recommend that protected class data (ethnicity, race, marital status, age, gender and disability), be requested (on an optional basis) so that regulators, researchers and consumers have the opportunity to evaluate whether patterns of discrimination and abuse exist. Currently, the database requests information about military status, which has aided the Bureau and other regulators to enforce the Servicemembers Civil Relief Act.³ Protected class data would similarly allow the Bureau and other agencies to monitor for race, gender, and other unlawful types of discrimination in student loan areas.

Consumer Consent

We endorse the Bureau’s proposal to allow consumers to decide whether or not to disclose their complaint details in a public database, through an opt-in policy. The consent option should be made available before a consumer submits a complaint, as this is when the details are freshest in the consumer’s mind. We agree that consumers should be given the opportunity to change their minds and return a complaint to a private setting. We also support the Bureau’s proposal to publish a company’s response to a complaint alongside the original dispute.

Protecting Personal Information

³ Statement by CFPB’s Holly Petraeus on DOJ, FDIC Enforcement Actions Against Sallie Mae (May 13, 2014), <http://www.consumerfinance.gov/newsroom/statement-by-cfpbs-holly-petraeus-on-doj-fdic-enforcement-actions-against-sallie-mae/>.

While releasing complaint details is not without risk, we believe the precautions that the Bureau has proposed will reasonably protect people's personal information. We support the CFPB's plan to:

- 1- Require informed consumer consent to disclose complaint details.
- 2- Use search algorithms to search complaint data for personally identifiable information (PII) to reduce the possibility of accidental identification.
- 3- Use human inspectors to further scrub each complaint.

We share your deep commitment to safeguarding personal consumer information. As you consider the challenges of data disclosure we ask that you remember that so much of the data that we seek to protect is already available to companies that can afford to purchase it.

Thank you for the opportunity to comment on this proposal.

Sincerely,

Center for Responsible Lending
Children's Advocacy Institute
Consumer Action
Consumers Union
Jobs With Justice
National Association for College Admission Counseling
National Education Association
New York Students Rising
One Wisconsin Institute
One Wisconsin Now
University of San Diego Center for Public Interest Law
University of San Diego Veterans Legal Clinic
Veterans Education Success