



515 KING ST., SUITE 300
ALEXANDRIA, VA 22314-3137
PHONE: 888.572.9329
FAX: 703.684.1219
E-MAIL: INFO@CFSAA.COM
ONLINE: WWW.CFSAA.COM

May 6, 2011

Mr. Andrew Trueblood
Consumer Financial Protection Bureau Implementation Team
1801 L Street, NW
Washington, DC 20036

Dear Mr. Trueblood:

I am writing on behalf of the Community Financial Services Association of America ("CFSA") in response to a request for comment by the Consumer Financial Protection Bureau ("CFPB" or "Bureau") regarding forms that will be used for questions, complaints, and other information about consumer financial products. CFSA appreciates the opportunity to respond to this request for comment.

CFSA is the national organization for lenders making primarily small dollar, short-term consumer loans. Our member companies represent more than half of all payday advance stores and are located in communities all across the country. CFSA members are dedicated to serving millions of customers by balancing a strong commitment to consumer protections while preserving access to credit.

The small dollar, short-term lending industry is comprehensively regulated at the state level, and CFSA member companies are licensed in each state where they do business. Each state has an extensive licensing and regulatory examination process, in which our member companies' actions and compliance activities are frequently examined by state regulators. Those same state regulators have comprehensive systems for receiving and processing customer complaints, acting as an ombudsman between the consumer and the licensee to investigate and resolve the consumer's concerns. State regulatory agencies also mandate that small dollar lenders make extensive disclosure to consumers in connection with the loans, and CFSA fully supports this full disclosure requirement.

CFSA supports the Bureau's focus on addressing the financial concerns of consumers and its efforts to unify a standard complaint form in particular. We would like to offer these comments in the following areas:

1) Specific Complaint Information

CFSA agrees that it is important for any complaint process to be clear and transparent. To that end, CFSA recommends that the Bureau obtain information on its complaint form that is specific enough to identify a substantively legitimate problem. For example, we respectfully recommend that the form ask the consumer to concisely summarize the complaint, identify the lender involved, and outline the steps that have already been taken to attempt to resolve the matter. Additionally, allowing the consumer the opportunity to attach any relevant accompanying information to the complaint form, such as a copy of a loan document, would be beneficial. In

general, having specific and detailed information will help to better identify the legitimate and sound consumer complaints. Further, the complaint form should serve to elicit enough detailed information so the complaint can be determined to arise from misconduct or illegal practices rather than mere customer dissatisfaction with a company or product that performed exactly as they were supposed to.

Therefore, we respectfully request that the complaint form include specific complaint information.

2) Legitimate Concerns

We believe that the CFPB complaint process should be limited primarily to addressing legitimate consumer concerns. With specific regard to the payday advance loan, such concerns would typically allege violations of disclosure requirements, federal and state law, or other valid compliance issues. Additionally, the complaint form should assist the Bureau in determining whether particular complaints reveal recurring substantive systematic deficiencies or are isolated incidents. For instance, we would not expect mere misunderstandings or simple questions that can be easily resolved by lenders to rise to the level of a Bureau complaint. Rather, we would hope the complaint form will work to address sound and legitimate concerns, such as alleged lender misconduct or illegal practices, rather than mere customer dissatisfaction or gripes.

Further, where the particular lenders are identified in a submitted complaint, we would hope that these companies would be provided copies of the complaint in order to evaluate the problem and take the necessary steps to address it.

Therefore, we urge the Bureau to design a complaint form and process that focuses on addressing the legitimate consumer concerns.

3) Coding/Classification

We proffer that to the extent that the Bureau attempts to code or classify complaints by broad category, industry participants – such as small dollar loan originators – be able to comment on the category names and the description of such categories. We believe that a mischaracterization of complaints into certain categories might prompt the Bureau to consider and issue a rulemaking that addresses an exaggerated problem. Additionally, with regard to a consumer loan, we would hope that any final coding or classification system would appropriately represent both the nature of the complaint and the particular phase of the loan process where there exists a dispute.

Therefore, we urge the Bureau to consider public input on both the categories, as well as the description of the categories, it plans to use in any coding or classification system for complaints.

4) Model Complaint Form

We respectfully request that the Bureau release a model complaint form for public comment prior to its becoming final. As with the current public comment period, it is important for interested parties and the public to have an opportunity to submit their suggestions and comments on a complaint process designed to benefit consumers. CFSA would be pleased to review and comment on any proposed model complaint form before its final stage.

Finally, please know that all CFSA members are expected to promptly respond to consumer complaints to ensure that necessary attention and resolution is taken. In a recent evaluation of the complaints submitted to, and reported by, those state regulatory agencies that regulate the payday advance product in 2009, there were a total of only 1,012 complaints out of 110 million transactions.

CFSA will continue to support overall guidance that protects the soundness of the financial system and provides strong consumer protections. CFSA welcomes the opportunity to work with you and the rest of the Bureau on this and other guidance that protects and preserves this important source of short-term credit to millions of customers.

Thank you for your consideration of these comments.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Batson", with a stylized flourish at the end.

Robert Batson
CFSA Staff Counsel