



Debt Collectors, Debt Complaints

The CFPB's Consumer Complaint Database
Gets Real Results for Consumers

Debt Collectors, Debt Complaints

The CFPB's Consumer Complaint Database
Gets Real Results for Consumers

U.S. PIRG Education Fund

Miles Unterreiner,
Frontier Group

Ed Mierzwinski and Laura Murray,
U.S. PIRG Education Fund

February 2014

Acknowledgments

U.S. PIRG Education Fund and Frontier Group sincerely thank Margot Saunders, counsel at the National Consumer Law Center; Ira Rheingold, executive director of the National Association of Consumer Advocates; and Dick Rubin, consumer attorney, for their review of drafts of this document, as well as for their insights and suggestions. The authors thank Jordan Schneider of Frontier Group for her editorial assistance, Spencer Alt for his research assistance, and Ashleigh Giliberto of U.S. PIRG Education Fund for her assistance with Appendix B of this report.

U.S. PIRG Education Fund and Frontier Group thank The Ford Foundation for making this report possible.

The authors bear responsibility for any factual errors. The recommendations are those of U.S. PIRG Education Fund. The views expressed in this report are those of the authors and do not necessarily reflect the views of our funders or those who provided review.

© 2014 U.S. PIRG Education Fund. Some Rights Reserved. This work is licensed under a Creative Commons Attribution Non-Commercial No Derivatives 3.0 Unported License. To view the terms of this license, visit creativecommons.org/licenses/by-nc-nd/3.0.

With public debate around important issues often dominated by special interests pursuing their own narrow agendas, U.S. PIRG Education Fund offers an independent voice that works on behalf of the public interest. U.S. PIRG Education Fund, a 501(c)(3) organization, works to protect consumers and promote good government. We investigate problems, craft solutions, educate the public and offer Americans meaningful opportunities for civic participation. For more information, please visit our website at www.uspirgedfund.org.

Frontier Group conducts independent research and policy analysis to support a cleaner, healthier and more democratic society. Our mission is to inject accurate information and compelling ideas into public policy debates at the local, state and federal levels. For more information about Frontier Group, please visit www.frontiergroup.org.

Cover image: Shutterstock/Palmer Kane LLC

Design: Alec Meltzer Design

Table of Contents

Executive Summary	1
Introduction	8
The Consumer Financial Protection Bureau: A Watchdog for Consumers	10
The Consumer Complaint Database: A Critical Part of the CFPB's Mission	11
How the Consumer Complaint Process Works	11
The Consumer Complaint Database	12
Consumer Complaints about Debt Collection	14
Volume of Complaints	15
Complaints by Issue	16
Complaints by Company	16
Disputed Responses	19
Complaints by State	20
Conclusions and Recommendations	25
Methodology	28
The Consumer Complaint Database	28
Normalizing Complaints by State Population	28
Appendix A: Detailed Data Tables for Complaints Regarding Debt Collection	29
Appendix B: Searchable Public Databases of Complaints to Government Agencies	35
Notes	38

Executive Summary

The Consumer Financial Protection Bureau (CFPB) was established in 2010 in the wake of the worst financial crisis in decades. Its mission is to identify dangerous and unfair financial practices, to educate consumers about these practices, and to regulate the financial institutions that perpetuate them.

To help accomplish these goals, the CFPB has created and made available to the public the Consumer Complaint Database. The database tracks complaints made by consumers to the CFPB and how they are resolved. The Consumer Complaint Database enables the CFPB to identify financial practices that threaten to harm consumers, and it enables the public to evaluate both the performance of the financial industry and of the CFPB.

This is the fifth in a series of reports that review complaints to the CFPB nationally and on a state-by-state level. In this report we explore consumer complaints about debt collection, with the aim of uncovering patterns in the problems consumers are experiencing with debt collectors and documenting the role of the CFPB in helping consumers successfully resolve their complaints.

Consumer complaints about debt collection are common. **Between July 2013—when the Consumer Financial Protection Bureau began recording data on debt collection—and January 16, 2014, the CFPB recorded more than 11,000 complaints about debt collection—the second-highest volume of complaints received about any financial service during that time period.**

- Consumers have filed an average of about 2,000 complaints per month with the CFPB about debt collection.
- Despite being the newest type of consumer complaint accepted by the CFPB, complaints about debt collection practices now rank second only to complaints about mortgages in average monthly complaint volume.

Consumers face a wide array of problems with debt collection.

- More than 2,700 consumers complained about debt collectors' attempts to collect debt that did not belong to the consumers, making it the most common cause of complaints to the CFPB.

- Other top causes for complaint included: frequent or repeated debt collection calls; not being given enough information about the debts owed; and attempted collection of debts that had already been paid (See Figure ES-1).

The list of top complaint recipients includes both original creditors and third-party debt collection agencies.

- Encore Capital Group, a third-party company that buys debts from banks and other financial institutions and attempts to collect on them—and is the parent of debt collection firm Midland Credit Management and other subsidiaries—was the most complained-about company by total number of complaints. It was followed by Expert Global Solutions, Inc., Portfolio Recovery Associates, Inc. and Citibank (See Table ES-1).

Complaints about companies vary by state, and state residents vary in their tendency to reach out to the CFPB.

- San Diego-based Encore Capital Group was the most complained-about company in 31 states. In five states, Expert Global Solutions, Inc. was the most complained-about company. Debt buyer Portfolio Recovery Associates, Inc. was the most complained-about company in Alaska and Wisconsin, while Citibank was the most complained-about company in North Carolina. Law firm Pressler and Pressler, LLP received the most complaints in New Jersey. (See Figure ES-2.)
- The District of Columbia had the most complaints per capita, followed (in order) by Nevada, Florida, Delaware, Maryland, Georgia, Virginia, New Jersey, Arizona and Texas. (See Figure ES-3.)

Figure ES-1. Top Causes of Complaints to the CFPB about Debt Collection

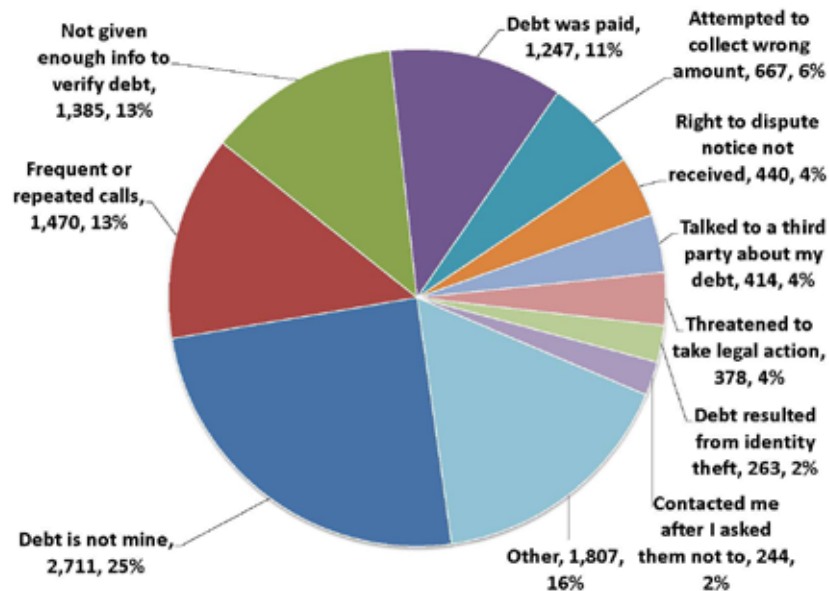


Table ES-1. Top Ten Companies by Complaints to the CFPB about Debt Collection

Company	Number of Complaints	Share of Total Complaints Received
Encore Capital Group	911	8.3%
Expert Global Solutions, Inc.	483	4.4%
Portfolio Recovery Associates, Inc.	314	2.9%
Citibank	288	2.6%
Allied Interstate LLC	224	2.0%
Resurgent Capital Services L.P.	214	1.9%
Capital One	207	1.9%
GE Capital Retail	205	1.9%
Sallie Mae	201	1.8%
Bank of America	170	1.5%

Figure ES-2. Encore Capital Group Is the Most Complained-About Company in 31 States

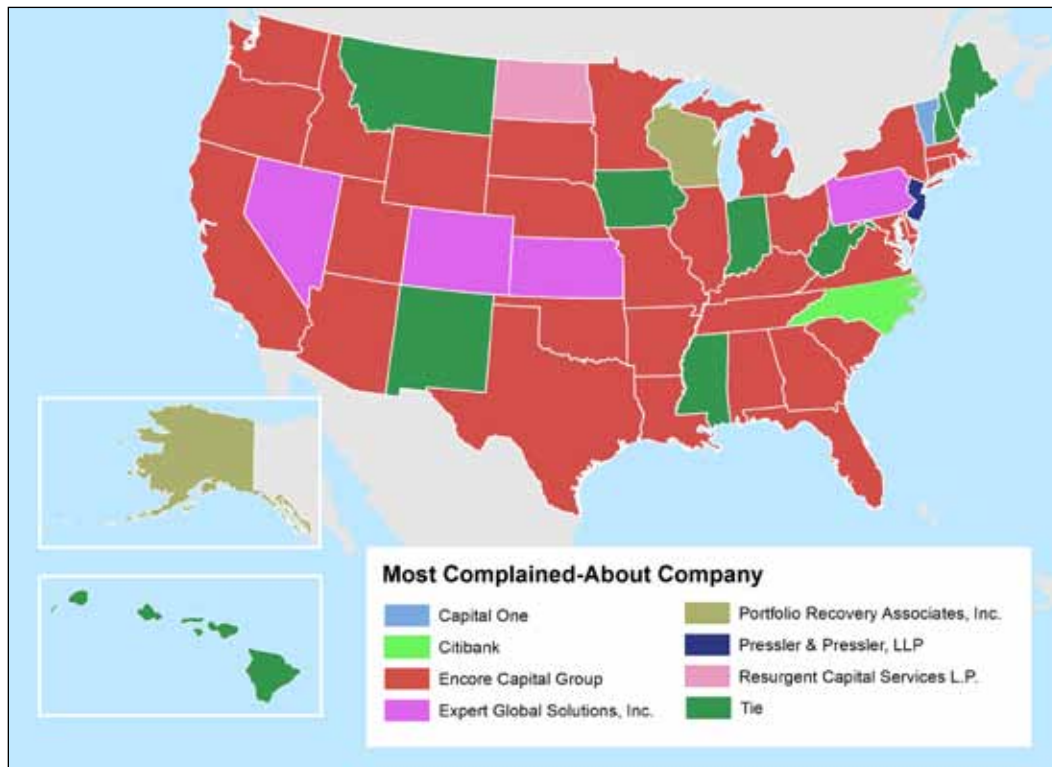
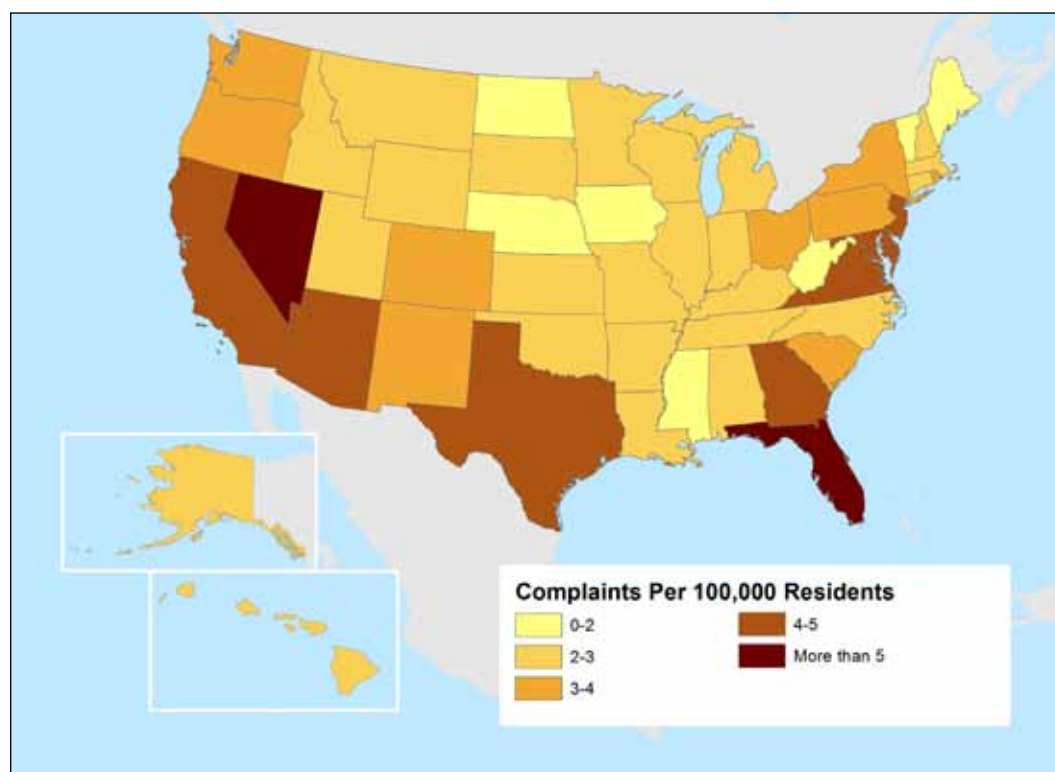


Figure ES-3. Complaints About Debt Collection Vary by State



The CFPB is making a significant difference for consumers facing difficulties with debt collectors.

- The CFPB has helped more than 2,300 consumers—or more than one in five complainants—to receive monetary or non-monetary relief as a result of their debt collection complaints. (See Figure ES-4.)
- Companies vary greatly in the extent to which they respond to consumer complaints with offers of monetary or non-monetary relief. Four of the 20 most complained-about companies—Convergent Outsourcing, Dynamic Recovery Solutions, Inc., Diversified Consultants, Inc., and I.C. System, Inc.—reported providing no relief, either monetary or non-monetary, to any of the consumers who

complained to the CFPB. Allied Interstate LLC and Portfolio Recovery Associates, Inc. were the most likely to report extending monetary or non-monetary relief, providing relief for 98 percent and 79 percent of complaints, respectively.

- About 16 percent of responses from debt collectors were deemed unsatisfactory by consumers and were subjected to further dispute.
- Of the 20 companies with the most overall complaints, the company with the greatest proportion of disputed responses was Encore Capital Group, with 21.4 percent of responses disputed. Of these same companies, Expert Global Solutions had the lowest proportion of disputed responses, with 5.2 percent of responses disputed.

Figure ES-4. 22 Percent of Consumers Received Relief after Complaining to the CFPB

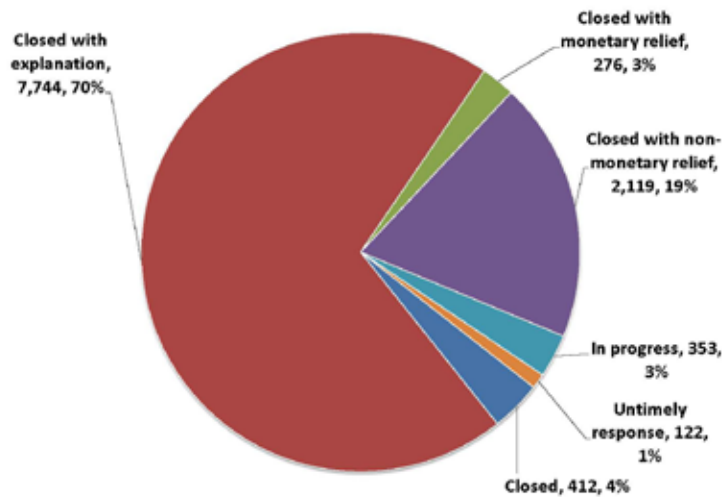


Table ES-2. Companies with the Highest Dispute-to-Complaint Ratios[†]

Rank	Company	Disputed Responses	Percent of Responses Disputed
1	Encore Capital Group	195	21.4%
2	Sallie Mae	42	20.9%
3	JPMorgan Chase	32	20.6%
4	Diversified Consultants, Inc.	23	19.5%
5	Citibank	56	19.4%
6	Capital One	37	17.9%
7	Wells Fargo	24	17.5%
8	Bank of America	29	17.1%
9	Enhanced Recovery Company, LLC	19	16.1%
10	I.C. System, Inc.	16	15.4%

[†] Only top 20 companies by total number of complaints analyzed. Of these 20, top ten companies by percent of complaints disputed are shown.

The Consumer Financial Protection Bureau's Consumer Complaint Database is a key resource for consumer protection. To enhance the ability of the CFPB to respond to consumer complaints, the CFPB should:

- Add more detailed information to the database, such as actual complaint narratives, detailed complaint categories and subcategories, complaint resolution details, consumer dispute details, and data regarding membership in classes protected from discrimination by law. Expanded complaint-level details should also include more information about amounts and types of monetary and non-monetary relief. Software and other techniques should be used to protect consumer privacy by giving consumers the right not to provide details and by taking steps to prevent the release of personally identifiable information or the re-identification of consumers. It is critical that the CFPB achieve the disclosure of more individual complaint details while simultaneously making every reasonable effort to protect personal data.
- Add a field listing company subsidiaries, which are often the firms with which consumers actually interact. For example, Encore Capital Group, the company with the greatest number of debt collection complaints in the CFPB database, does business under the names of several subsidiaries. Adding subsidiary company information will enable consumers to better apply the information in the CFPB database to their own experiences, and to the choices they make in the marketplace.
- Provide regular trend analyses and monthly detailed reports on complaint resolutions and disputes.
- Simplify the interfaces that allow users to summarize complaint database reports in graphical and printable formats.
- Publicize information about the CFPB complaints process in forums that are likely to be seen by consumers. The agency should develop more outreach mechanisms for consumer education about the database and its services for consumers, including creating educational materials to be distributed on- and off-line, holding more educational events outside Washington, D.C., and partnering with non-profit organizations.
- Develop free applications (apps) for consumers to download to smartphones to access information about how to complain about a firm and how to review complaints in the database.
- Expand the Consumer Complaint Database to include discrete complaint categories for high-cost credit products such as auto title loans and prepaid cards. We commend the CFPB for adding payday loan complaints to the database in November 2013.
- Continue to use the information gathered from the Consumer Complaint Database, from supervisory and examination findings, and from other sources to require a high, uniform level of consumer protection and ensure that responsible industry players can better compete with those who are using harmful practices.

To protect consumers from unfair debt collection practices, the agency should:

- Stop debt collectors and buyers from collecting debts without proper information and documentation about the debt and records of prior communications with the consumer.
- Stop debt collectors from bringing robo-signed cases in court.
- Crack down hard on widespread use of threats, harassment and embarrassment and make it easier for consumers to demand a stop to unwanted communications.
- Prevent debt collectors from making robo-calls to cell phones, sending email or leaving messages in places where they might be seen or heard by others.
- Require debt collectors to verify that they are collecting the correct debts

from the correct consumers before they start collections.

- Clarify that debt collection law gives consumers the right to sue to stop unfair practices and to collect multiple penalties for multiple violations.
- Protect servicemembers by strictly limiting contact with their commanders to verifications of employment and address.
- Protect all consumers by mandating additional disclosures concerning the effect of paying debts on their credit reports, such as a disclosure that says, “Paying this debt will not remove it from your credit report.”
- Adopt additional reforms advocated by the National Consumer Law Center, Americans for Financial Reform, U.S. PIRG and other organizations. (See footnote for details.)¹

Introduction

Debt collection—the process of reclaiming money owed by debtors—has been a feature of American life since the nation’s founding. The old-fashioned way of dealing with debtors—throwing them in prison—fell out of use in the mid-1800s, but not before several signers of the Declaration of Independence spent time languishing behind bars for failure to pay their debts punctually. Signatory Robert Morris, chief financier of the American Revolution, spent three years in debtors’ prison in Philadelphia after his financial empire collapsed, where he received frequent visits from his close friend George Washington.² Signatory James Wilson served time in debtors’ prison during his term as one of the first U.S. Supreme Court Justices.³

Eventually, the United States abandoned the old debtors’ prisons as cruel, inhumane and unnecessary. Modern debt collection firms, however, continue to employ questionable (and sometimes illegal) methods of extracting money from consumers—even consumers who may have been targeted erroneously.

In March 2013, for example, the U.S. Federal Trade Commission (FTC) reached a settlement with a debt buyer and a debt collection law firm, both of which alleg-

edly hit consumers with deceptive fees for debt collection payments. The two companies—Jacob Law Group, PLLC and Security Credit Services, LLC—also allegedly falsely threatened to sue consumers in order to get them to pay—a practice that is illegal under the Fair Debt Collection Practices Act (FDCPA), which prohibits using “false, deceptive, or misleading representations or tactics when collecting a debt.”⁴

In January 2012, FTC action resulted in a \$2.5 million fine against debt collection company Asset Acceptance, LLC for, among other things, allegedly making repeated calls to persons who did not in fact owe debt; attempting to get consumers to pay debts for which the company did not possess adequate proof; attempting to collect debt that is too old to be legally enforceable without notifying the consumer of the debt’s enforceability; and providing incorrect information to credit reporting agencies.⁵

In March 2012, West Virginia Attorney General Darrell McGraw sued Midland Funding LLC and Midland Credit Management, both subsidiaries of large debt collector Encore Capital Group, for obtaining default judgments against West Virginia consumers by “robo-signing” affidavits. “Many consum-

ers,” noted McGraw, “are frightened or unaware of their rights when they are sued and fail to respond to these groundless lawsuits [by debt collectors], leaving them subject to judgments on debts that cannot be proved.”⁶

Debtors’ prisons are even making a form of comeback, as judges across the country allow debtors to be held in prison for not showing up in court—even if they may not have known they were being sued in the first place. As the *Wall Street Journal* reports, “judges have signed off on more than 5,000 such warrants since the start of 2010 in nine counties with a total population of 13.6 million people,” overwhelming local justice systems and clogging up courts across the country.⁷

Many of these debt collection company practices were in violation of the Fair Debt Collection Practices Act (FDCPA), which prohibits debt collectors from using “abusive, unfair, or deceptive practices” to collect from consumers.⁸ Yet the debt collection marketplace is enormous—a multi-billion-dollar industry populated by more than 4,500 firms—and can be difficult for authorities to monitor effectively. According to the Federal Reserve Bank of New York, about 30 million consumers in the United States have items from debt collection on their credit report, with an average amount in collections of \$1,400.⁹

The persistence of shady debt collection practices, coupled with the size and complexity of the debt collection market, underscores the need for strong consumer protection in the debt collection industry. The Consumer Financial Protection Bureau (CFPB) fulfills a series of important roles in providing that protection to consumers.

The CFPB has the authority to self-designate “larger participants” in any non-bank credit market for additional supervision and examination on a regular basis. It completed its larger participant rule for debt collectors in October 2012, allowing it to supervise the largest 175 debt collection companies, as measured by annual receipts from debt collection activities.¹⁰ The CFPB’s super-

visory authority over debt collectors distinguishes it from the Federal Trade Commission (FTC), which also plays an important role in reining in unfair debt collection practices.¹¹ The FTC’s authority to issue rules is limited and it does not have supervisory or examination authority over large debt collectors.

Currently, the CFPB is in the midst of using its rule-making authority to improve the debt collection industry. The agency has issued an advance notice of public rulemaking and is accepting public comments through the end of February 2014. The issuance of strong rules by the CFPB would go a long way toward alleviating many of the problems consumers face with debt collection.

The urgent need for strong new protections has been made apparent by the CFPB’s addition of debt collection to the public Consumer Complaint Database, which tracks complaints made by consumers to the CFPB regarding firms in various segments of the financial services industry. Although debt collection complaints have only been collected since July 2013, debt collection complaints have emerged as the second-most common complaint to the CFPB, demonstrating the intensity of the problem. The Consumer Complaint Database is shedding new light on which debt collection practices cause the most trouble for consumers, which debt collectors are subject to the most complaints, and the role the CFPB has played in helping consumers address problems with debt collection.

In this, the fifth in a series of analyses of the Consumer Complaint Database, we review the data on consumer complaints regarding debt collection and recommend a series of actions the CFPB should take as it establishes guidelines and regulations for firms engaged in debt collection activities. America is a long way from having a financial marketplace that serves consumers fairly—particularly one in which debtors are treated ethically. To protect consumers, America needs a strong CFPB.

The Consumer Financial Protection Bureau: A Watchdog for Consumers

The U.S. financial crisis of 2008 was the product of an under-regulated financial system run amok. Millions of consumers were lured into mortgages whose terms they could not understand and which they had little hope of ever being able to repay. Easy credit inflated the housing bubble which, when it collapsed, brought down the fortunes of millions of families as well as the broader economy.

The mortgage crisis highlighted the need for more stringent financial regulations and better consumer education. But the problem extended far beyond mortgages. For decades, consumers had increasingly fallen prey to a growing list of predatory financial practices, from payday loans to exorbitant credit card and bank fees—all while receiving little help from Washington, D.C.

In 2010, Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act, which created the Consumer Financial Protection Bureau (CFPB), whose stated mission is to “make markets for consumer financial products and services work for Americans—whether they are applying for a mortgage, choosing among credit cards, or using any number of other consumer financial products.”¹² The bureau started work on July 21, 2011.

The CFPB can be an asset for consumers: educating the public about financial practices, enforcing consumer protection laws, and analyzing available data to keep track of current trends in the consumer marketplace.¹³ To fulfill these roles, the CFPB receives and acts upon consumer complaints about financial institutions.

The Consumer Complaint Database: A Critical Part of the CFPB's Mission

The CFPB engages in many tasks as part of its mission to protect consumers. According to the agency's website, the CFPB:

- Writes rules, supervises companies, and enforces federal consumer financial protection laws;
- Restricts unfair, deceptive or abusive acts or practices;
- Takes consumer complaints;
- Promotes financial education;
- Researches consumer behavior;
- Monitors financial markets for new risks to consumers; and
- Enforces laws against discrimination and other unfair treatment in consumer finance.¹⁴

Collecting and responding to consumer complaints is a key part of the CFPB's mission, one that contributes to achieving several of the above goals. In particular, consumer complaints enable the CFPB to:

- **Learn about new threats to consumers:** The complaint process is designed to engage consumers when they believe that they have been wronged. The CFPB Office of Consumer Response "hears directly from consumers about the challenges they face in the marketplace, brings their concerns to the attention of companies, and assists in addressing their complaints."¹⁵
- **Identify trends in issues and potential unfair practices:** The CFPB can

use the complaint data in aggregate to identify common issues or sectors where more enforcement is needed.

- **Hold financial services firms accountable:** Making complaint data available to the public increases the accountability of financial institutions. Ideally, these institutions will be less likely to engage in unfair practices out of the fear that they will be held accountable by the public for any resulting increase in complaints. The complaint data also alert the agency about potential enforcement actions that may need to be taken.

How the Consumer Complaint Process Works

When a consumer believes that he or she has been subject to an unfair financial practice, he or she may file a complaint with the CFPB. Filing a complaint triggers a process through which the CFPB passes the complaint along to the relevant financial institution, and later follows up with the consumer to ensure the response was adequate. The steps are as follows:¹⁶

- **Filing**—The consumer submits a complaint form via the CFPB's consumer complaint website (www.consumerfinance.gov/complaint) or by phone (at 855-411-2372). Telephone complaints are accepted in many languages. Consumers can track the progress of their complaints using a variety of tools, including e-mail updates.
- **Review and routing**—CFPB staff review the complaint and, if appropriate, send it to the relevant company (or, if the issue is outside of the CFPB's jurisdiction, to another government agency).

- **Company response**—The company that is the subject of the complaint responds to the consumer and the CFPB and proposes a resolution to the complaint. The consumer can then provide any response or feedback to the company and the CFPB.
- **Investigation**—CFPB staff review many of the complaints, the companies' responses, and the consumers' feedback to prioritize any complaints for investigation or enforcement action.
- **Analysis and reporting**—The CFPB aggregates data about consumer complaints in its complaint database, analyzes those data for trends, and reports regularly to Congress and the public.

The Consumer Complaint Database

Maintaining the Consumer Complaint Database is a key part of the CFPB's mission. The database provides the agency, the media and consumers with the information needed to monitor trends in consumer complaints and companies' responses to those complaints (See Figure 1).

The CFPB's complaints program and the Consumer Complaint Database have gradually expanded in scope since the agency began collecting consumer complaints in July 2011. Initially, the CFPB received complaints about credit cards, and has gradually added banks, student loans, credit reporting and other financial

Figure 1. Screenshot of the CFPB's Consumer Complaint Database

Complaint ID	Product	Sub-product	Issue	Sub-issue	State	ZIP code	Submitted via	Date received	Date sent to con
672259	Debt collection		Cont'd attempts collect debt not owed	Debt is not mine	TX	37043	Web	01/16/2014	
672215	Debt collection	Medical	Improper contact or sharing of info	Contacted me after	IL	32209	Web	01/15/2014	
672152	Debt collection	Other (phone, health club, etc.)	Improper contact or sharing of info	Contacted me after	OH	43055	Web	01/15/2014	
671331	Debt collection	Other (phone, health club, etc.)	Improper contact or sharing of info	Contacted me after	IL	60107	Web	01/15/2014	
671184	Debt collection	Non-federal student loan	Taking/threatening an illegal action	Attempted to Collec	IL	86153	Web	01/15/2014	
671180	Debt collection		Improper contact or sharing of info	Talked to a third pa	OR	97137	Web	01/15/2014	
669383	Debt collection	Auto	Taking/threatening an illegal action	Disc'd-Attempted to	IL	46187	Web	01/15/2014	
673889	Debt collection		Cont'd attempts collect debt not owed	Debt is not mine	FL	34689	Web	01/15/2014	
673252	Debt collection	Other (phone, health club, etc.)	Communication tactics	Frequent or repeat	TX	77071	Web	01/15/2014	
669258	Debt collection	Other (phone, health club, etc.)	Cont'd attempts collect debt not owed	Debt was paid	NY	07017	Web	01/15/2014	
670226	Debt collection	Medical	Disclose verification of debt	Not given enough i	NY	41164	Web	01/15/2014	
673180	Debt collection	Other (phone, health club, etc.)	Cont'd attempts collect debt not owed	Debt is not mine	FL	32944	Web	01/15/2014	
673202	Debt collection		Cont'd attempts collect debt not owed	Debt was paid	CO	80301	Web	01/15/2014	
668851	Debt collection	Other (phone, health club, etc.)	Improper contact or sharing of info	Failed to a third pa	WS	38758	Web	01/14/2014	
671113	Debt collection	Medical	Cont'd attempts collect debt not owed	Debt was paid	WI	26908	Web	01/14/2014	
669359	Debt collection	Other (phone, health club, etc.)	Cont'd attempts collect debt not owed	Debt is not mine	PA	15203	Web	01/14/2014	
669131	Debt collection		Improper contact or sharing of info	Contacted me after	FL	32718	Web	01/14/2014	
668971	Debt collection		Cont'd attempts collect debt not owed	Debt is not mine	OH	44224	Web	01/14/2014	
669767	Debt collection	Credit card	False statements or representation	Attempted to collec	WS	38732	Web	01/14/2014	
669596	Debt collection		Cont'd attempts collect debt not owed	Debt is not mine	TX	77004	Web	01/14/2014	
668202	Debt collection	Payday loan	Improper contact or sharing of info	Contacted me after	NC	28215	Web	01/14/2014	
668070	Debt collection	Other (phone, health club, etc.)	Communication tactics	Threatened to take	MO	33534	Web	01/14/2014	
668039	Debt collection		Cont'd attempts collect debt not owed	Debt is not mine	Phone			01/14/2014	
669026	Debt collection	Auto	Cont'd attempts collect debt not owed	Debt was paid	IL	60604	Web	01/14/2014	
667947	Debt collection	Auto	Communication tactics	Frequent or repeat	FL	33468	Web	01/14/2014	
665662	Debt collection		Taking/threatening an illegal action	Threatened to sue	FL	32714	Web	01/13/2014	

services to the complaints program. In July 2013, the agency began accepting complaints about debt collection practices.¹⁷ The agency has also gradually expanded the amount of data available to the public through the database. In May 2013, for instance, the CFPB enabled complaints to be identified by state.

Complaints submitted to the CFPB include information on a variety of topics, including:

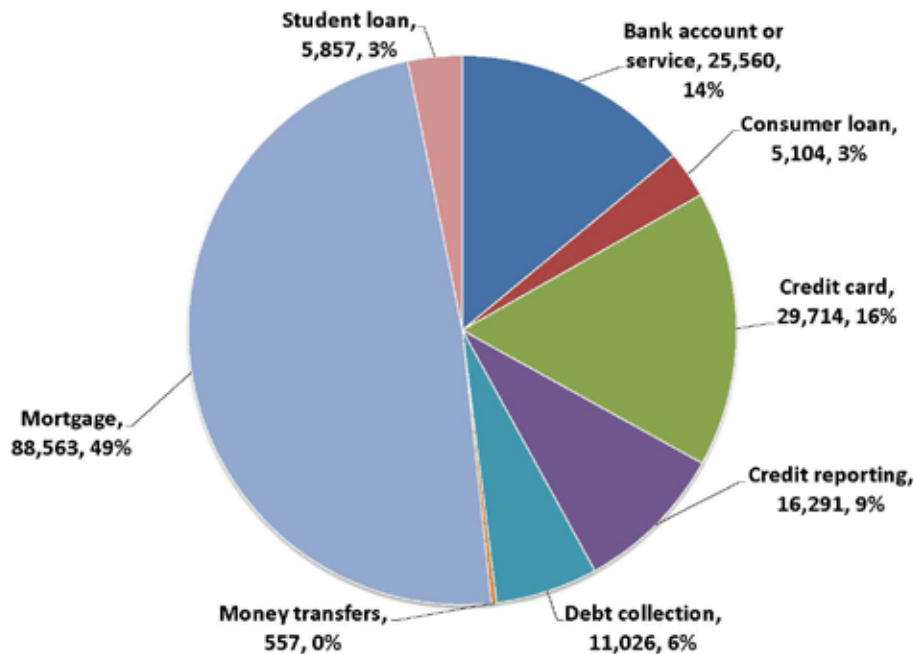
- The specific issue or problem the consumer had with that financial service,
- The company that provided the service,
- The date on which the complaint was filed and state from which it was filed,
- Several data points associated with the complaint’s resolution (including the steps taken to resolve the complaint and whether the outcome was disputed by the consumer).

The Consumer Complaint Database is updated nightly and includes a breakdown of complaints by financial sector. The CFPB also publishes quarterly summaries of patterns in consumer complaints.

As of January 16, 2014, the CFPB had published data on more than 180,000 complaints. Of these complaints, more than 11,000 were related to debt collection, making debt collection the second-most-complained-about financial sector since the CFPB began receiving complaints about it in July 2013. About half of all complaints recorded in the database since its inception were related to mortgages. Student loans, credit reporting, and consumer loans also attracted thousands of complaints each (See Figure 2).

This report is the fifth in a series of reports tracking trends in consumer complaints to the CFPB. Each report reviews a specific sector of the financial services industry. In this fifth report, we focus on a vital issue of importance to many Americans: debt collection.

Figure 2. Overall Complaints Received by CFPB by Service



Consumer Complaints about Debt Collection

The CFPB's Consumer Complaint Database provides a rich source of information about the types of debt collection actions that most frequently cause problems for consumers, as well as which companies in which states are the most frequent subjects of consumer dissatisfaction.

Debt collection is a particularly critical area for CFPB oversight, given the stigma consumers may feel about reaching out to friends, relatives and others about an issue which may mark them as a delinquent debtor, regardless of whether that designation is in fact warranted. In addition, debt collection is unusual among financial services overseen by the CFPB in that the consumers affected often have not signed up for a product or service with their debt collector, meaning that the collector has no incentive to maintain a productive long-term business relationship with those consumers. The CFPB thus provides a valuable outlet where consumers can go for help when faced with trouble from companies that treat them unfairly, deceptively or illegally.

Debt collection agencies occupy a complex market. Debt collection activities typically commence once a debtor has failed to pay back money owed to a creditor or other firm for a significant period of time. Some companies that originate items on which debt may be owed—from consumer loans to home loans to rental payments to high-interest payday loans to overdue local library books—attempt to collect debt themselves. Other companies contract debt collection services to a third-party firm that specializes in collecting consumer debt. Still other companies, in what is known as the “debt-buying” business, actively seek to purchase unpaid consumer debts from creditors or from other debt collectors, usually doing so at a steep discount, and then pursue debtors in the hopes of making a profit.

Many debt collection companies, and their holding or parent companies, do not emphasize their role in debt collection to the general public. Self-descriptions by companies in the debt collection sector are often vague. Expert Global Solutions, Inc. (EGS), for example, describes itself on its

website as serving, with its subsidiaries, as “a fully scaled provider and global partner serving all aspects of the customer lifecycle.”¹⁸ NCO Group, EGS’s subsidiary in “accounts receivables management,” describes itself as seeking to “support essential functions across key portions of the customer lifecycle, including acquisition, growth, care, resolution and retention.”¹⁹

In addition, many of the companies with which consumers deal directly do not appear in the CFPB database. This is because the CFPB sends consumer complaints concerning subsidiaries to those subsidiaries’ parent or holding companies, which are then listed in the database instead. Encore Capital Group, for instance, owns multiple subsidiaries across the United States, including debt collection firm Midland Credit Management, and has offices in Arizona, Minnesota, Pennsylvania, Texas and California, in addition to foreign offices in New Delhi, India and San Jose, Costa Rica.²⁰

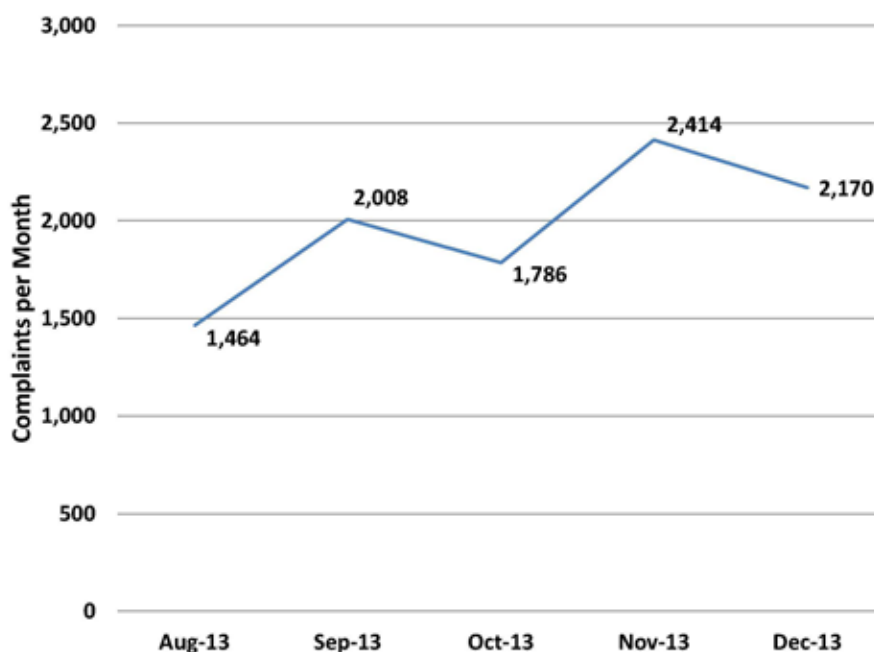
The data we examined from the CFPB database include original creditors such as Citibank, a multi-services financial group;

ACE Cash Express, Inc., a payday lender; and Sallie Mae, a holding company, which while known for student loans also has several significant debt collection subsidiaries. The data also include third-party debt collection agencies and debt buyers such as Portfolio Recovery Associates, Inc.

Volume of Complaints

The Consumer Financial Protection Bureau received responses to more than 11,000 complaints about debt collection between July 2013, when it began recording debt collection complaints, and January 16, 2014—the second-highest volume of complaints received during that time period of any product or service examined by the CFPB, after mortgages. About 2,000 consumers per month have complained to the CFPB about debt collection problems, not including the partial first and last months of July and January. (See Figure 3.)

Figure 3. Consumer Complaints about Debt Collection over Time



Complaints by Issue

The CFPB accepts consumer complaints regarding 26 categories of debt collection problems. The problems generating the most consumer complaints were:

- being accused of owing debt that was not actually owed (2,711 complaints, or 25 percent of all complaints),
- receipt of frequent or repeated calls (1,470 complaints, 13 percent); according to the FTC, debt collectors may not “repeatedly use the phone to annoy someone,”²¹ and
- not being given enough information to verify the debt in question (1,385 complaints, 13 percent).

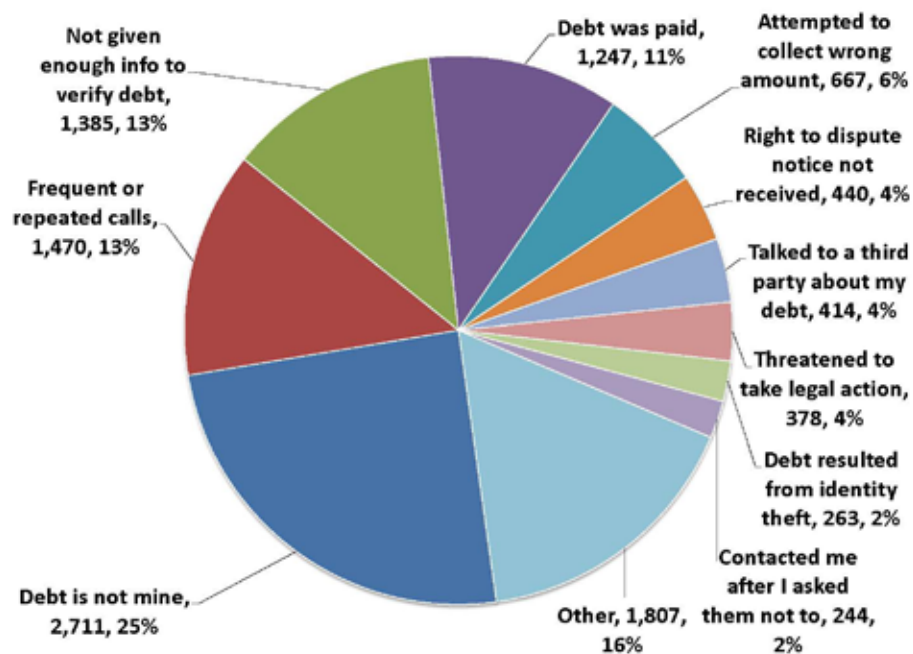
Thousands of consumers also complained about collectors attempting to

collect the wrong amount; being contacted by collection agencies despite having already paid their debts; and collection agencies contacting them after receiving a request to stop doing so.²² (See Figure 4.)

Complaints by Company

The CFPB has authority to regulate and investigate any institution that offers a consumer financial product or service, including debt collection agencies.²³ In addition, the CFPB has authority to self-designate “larger participants” in any non-bank credit market for additional supervision and examination on a regular basis. It completed its larger participant rule for debt collectors in October 2012, which allowed the CFPB to supervise debt collectors with more than \$10 million in annual receipts from debt collection.²⁴

Figure 4. Top Causes of Complaints to the CFPB About Debt Collection



The move enabled the CFPB to exercise federal supervision over 175 of the largest firms in the debt collection market for the first time. Large debt collectors had previously been outside CFPB supervision, and were instead regulated at the state level and by the FTC, whose primary authority is limited to bringing enforcement actions only after significant problems have arisen with a firm’s practices. The CFPB now has the power to supervise more than 60 percent of the debt collection industry, as measured by the amount of money received by supervised companies through debt collection.²⁵

The CFPB database enables consumers to compare the number of complaints filed against various debt collectors—providing a window into consumers’ level of overall displeasure with those firms.

Total Complaints

Table 1 ranks the 10 most complained-about companies by number of complaints. The firm receiving the most complaints was Encore Capital Group, which received nearly twice as many complaints as the runner-up, Expert Global Solutions, Inc. Portfolio Recovery Associates, Inc., Citibank

and Allied Interstate LLC rounded out the top five for total number of complaints.

Information on the market share of various companies within the debt collection industry is unavailable; however, it is possible that variations in the number of complaints may reflect differences in the number or type of accounts held by the various companies and not an increase in the propensity of customers of any particular company to complain about their debt collection experience. According to the CFPB, the largest 4 percent of debt collection companies acquire more than 60 percent of the annual revenue from debt collection activities.²⁶

Responses to Complaints

The CFPB tracks how companies respond to complaints by consumers, and whether consumers disputed the companies’ responses.

About 7,700 consumers—70 percent of those who complained—received an explanation from their debt collection agency through the CFPB complaints process. An additional 19 percent of all complaints were closed with non-monetary relief—for example, modifying col-

Table 1. Top Ten Companies by Complaints to the CFPB about Debt Collection

Rank	Company	Complaints	Percentage of Overall Complaints
1	Encore Capital Group	911	8.3%
2	Expert Global Solutions, Inc.	483	4.4%
3	Portfolio Recovery Associates, Inc.	314	2.8%
4	Citibank	288	2.6%
5	Allied Interstate LLC	224	2.0%
6	Resurgent Capital Services L.P.	214	1.9%
7	Capital One	207	1.9%
8	GE Capital Retail	205	1.9%
9	Sallie Mae	201	1.8%
10	Bank of America	170	1.5%

lection proceedings or halting unwanted calls. Since July 2013, when the CFPB began recording complaints about debt collection, about 2,100 consumers have had their complaints resolved with some form of non-monetary relief. (See Figure 5.)

An additional 276 consumers, representing 3 percent of all complainants to the CFPB, had their complaints addressed with monetary compensation from a debt collector, while 8 percent of complaints are either in progress, were not responded to in a timely fashion, or were closed without relief or explanation to the consumer. In sum, more than 2,300 consumers received relief, either monetary or non-monetary, as a result of a complaint to the CFPB.

Debt collectors vary greatly in the degree to which they report extending relief, either monetary or non-monetary, to consumers who complain. Of the 20 companies with the most overall complaints, Allied Inter-

state LLC and Portfolio Recovery Associates, Inc. were the most likely to report extending monetary or non-monetary relief, providing relief for 98 percent and 79 percent of complaints, respectively. Four of the 20 most complained-about companies—Convergent Outsourcing, Dynamic Recovery Solutions, Inc., Diversified Consultants, Inc., and I.C. System, Inc.—reported providing no relief, either monetary or non-monetary, to any of the consumers who complained.²⁷ (See Table 2.)

There is significant variation in the ways companies respond to consumer complaints about different issues regarding debt collection. Complaints about frequent or repeated calls resulted in non-monetary relief to the consumer in 28 percent of cases (see Figure 6, page 21), while only 16 percent of complaints about attempting to collect the wrong amount resulted in non-monetary relief.

Figure 5. Responses to Consumer Complaints to the CFPB About Debt Collection

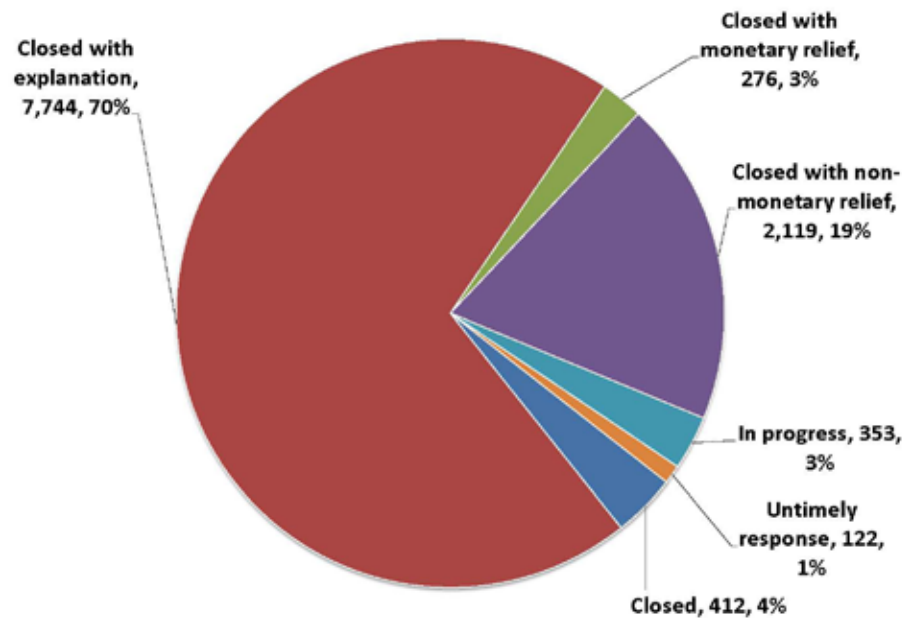


Table 2. Companies by Percentage of Complaints Granted Relief

Rank	Company	Complaints	Percent Granted Relief
1	Allied Interstate LLC	224	97.8%
2	Portfolio Recovery Associates, Inc.	314	78.7%
3	Enhanced Recovery Company, LLC	118	61.0%
4	EOS Holdings, Inc.	132	56.8%
5	Cavalry Investments, LLC	92	38.0%
6	GE Capital Retail	205	35.6%
7	Citibank	288	31.9%
8	Encore Capital Group	911	19.3%
9	Sallie Mae	201	18.9%
10	Resurgent Capital Services L.P.	214	16.4%
11	Wells Fargo	137	15.3%
12	Capital One	207	12.1%
13	Bank of America	170	5.9%
14	JPMorgan Chase	155	5.8%
15	Afni, Inc.	105	1.9%
16	Expert Global Solutions, Inc.	483	0.4%
17	Convergent Outsourcing	123	0.0%
18	Dynamic Recovery Solutions, LLC	121	0.0%
19	Diversified Consultants, Inc.	118	0.0%
20	I.C. System, Inc.	104	0.0%

Complaints by Issue

The most complained-about debt collection companies overall also tended to be those who received the largest number of complaints about each of the individual debt collection issues addressed by the CFPB.

Encore Capital Group was the most complained-about debt collector in 14 of 26 issue categories, including “debt is not mine,” which was the issue with the largest number of complaints. Citibank and ACE Cash Express, Inc. led in the “called after I sent a written cease of communication” and “threatened to arrest or jail me if I do not pay” problem categories, respectively. (See Table 3.)

Disputed Responses

In about 16 percent of cases, a consumer is sufficiently dissatisfied with the debt collector’s response to the complaint that he or she disputes it via the CFPB. The companies with the most consumer-disputed responses were Encore Capital Group with 195 disputes, Citibank with 56 disputes and Sallie Mae and Portfolio Recovery Associates, Inc., with 42 disputes each.

Of consumers who complained about Encore Capital Group, 21.4 percent disputed the company’s response to their complaint—the highest ratio of disputed responses among the 20 companies with the most overall complaints. Expert Glob-

Table 3. Most Complained-about Company by Issue Type²⁸ (Includes Issues for Which the Leading Company Received 10 or More Complaints)

Issue	Company	Complaints	Percentage of Complaints by Issue Regarding Leading Company
Attempted to collect wrong amount	Encore Capital Group	61	9%
Called after sent written cease of communications	Citibank	12	6%
Called outside of 8am-9pm	Encore Capital Group	11	12%
Contacted me after I asked them not to	Encore Capital Group, Portfolio Recovery Associates, Inc. (Tie)	16	7%
Debt is not mine	Encore Capital Group	237	9%
Debt resulted from identity theft	Encore Capital Group	31	12%
Debt was discharged in bankruptcy	Bank of America	18	9%
Debt was paid	Encore Capital Group	88	7%
Frequent or repeated calls	Encore Capital Group	135	9%
Not given enough info to verify debt	Encore Capital Group	168	12%
Right to dispute notice not received	Encore Capital Group	36	8%
Sued without proper notification of suit	Encore Capital Group	12	11%
Talked to a third party about my debt	Encore Capital Group	19	5%
Threatened arrest/jail if I do not pay	ACE Cash Express Inc.	15	7%
Threatened to sue on too old debt	Encore Capital Group	21	12%
Threatened to take legal action	Encore Capital Group	18	5%

al Solutions had the lowest percentage of disputed responses among the 20 most complained-about firms, at 5.2 percent. (See Table 4, page 22.)

Consumers disputed fewer responses from debt collectors that involved non-monetary relief than they did other responses. About 9 percent of consumers who were offered non-monetary relief disputed the company’s response to their complaint, compared with 11 percent of consumers whose complaints were closed with monetary relief and 19 percent of consumers who received an explanation from the company. (See Figure 7.)

Complaints by State

The number of complaints about debt collectors varies from state to state, even when adjusted for the number of residents living in each state.

The most populous states tended to generate the greatest number of total complaints. The states from which the most complaints were filed were California with 1,501, Texas with 1,027, Florida with 950, New York with 730, and Georgia with 455. (See Figure 8, page 23.)

The states with the greatest number of complaints per capita were the District

Figure 6. Variations in Company Response by Issue Type, Top Five Causes of Complaints

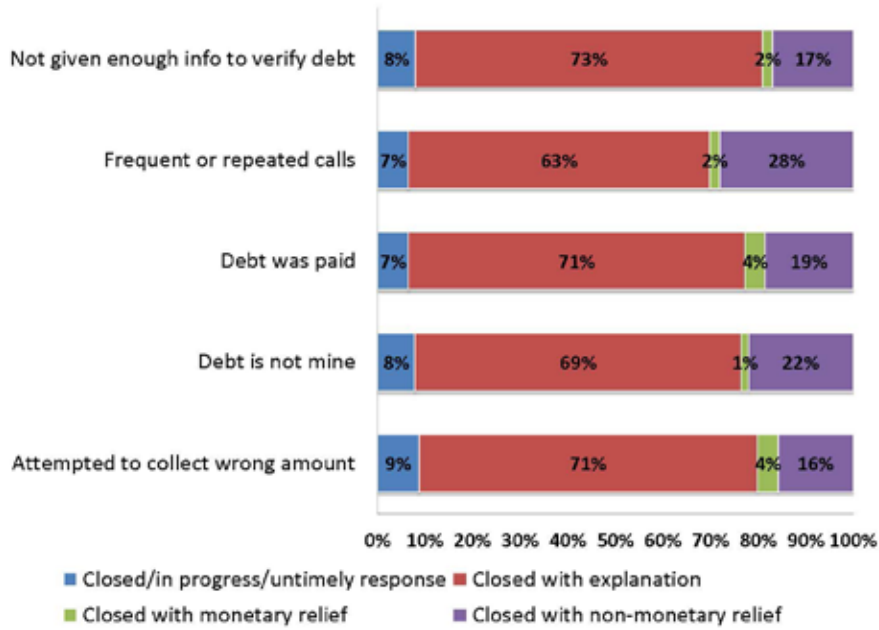


Figure 7. Percentage of Responses Disputed by Type of Response

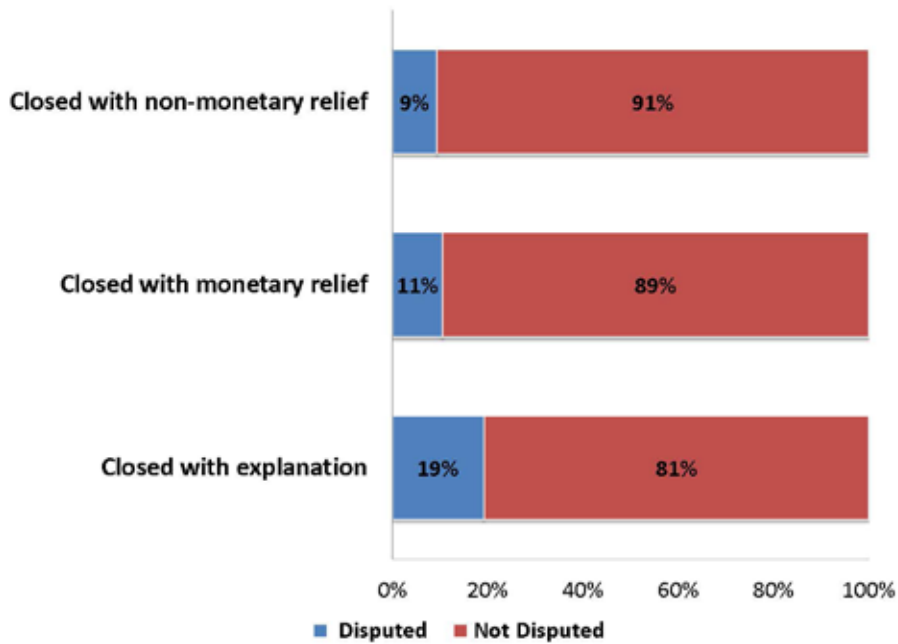


Table 4. Companies with the Highest Dispute-to-Complaint Ratios²⁹

Rank	Company	Disputed Responses	Percent of Responses Disputed
1	Encore Capital Group	195	21.4%
2	Sallie Mae	42	20.9%
3	JPMorgan Chase	32	20.6%
4	Diversified Consultants, Inc.	23	19.5%
5	Citibank	56	19.4%
6	Capital One	37	17.9%
7	Wells Fargo	24	17.5%
8	Bank of America	29	17.1%
9	Enhanced Recovery Company, LLC	19	16.1%
10	I.C. System, Inc.	16	15.4%
11	Dynamic Recovery Solutions, LLC	18	14.9%
12	Portfolio Recovery Associates, Inc.	42	13.4%
13	Resurgent Capital Services L.P.	23	13.4%
14	Convergent Outsourcing	16	13.0%
15	EOS Holdings, Inc.	17	12.9%
16	Cavalry Investments, LLC	11	12.0%
17	GE Capital Retail	24	11.7%
18	Afni, Inc.	12	11.4%
19	Allied Interstate LLC	21	9.4%
20	Expert Global Solutions, Inc.	25	5.2%

of Columbia, Nevada, Florida, Delaware, Maryland, Georgia, Virginia, New Jersey, Arizona, and Texas, all with between four and 11 complaints per 100,000 residents. The states with the fewest complaints per capita were North Dakota, Nebraska and Vermont, all with fewer than two complaints per 100,000 residents. (See Figure 9).

Most Complained-about Debt Collectors by State

San Diego-based debt collector Encore Capital Group was the most complained-about company in 31 states. In five states, Expert Global Solutions, Inc. (EGS) was the most complained-about company. Portfolio Recovery Associates, Inc. was the most complained-about company in Alaska and Wisconsin, while Citibank was the most complained-about company in North Carolina. Law firm Pressler and Pressler, LLP received the most complaints in New Jersey.

While precise data on market share are

not available for purposes of normalization, it is likely that at least part of Encore Capital Group and EGS's large shares of complaints are due to their broad national and international reach and significant market share. Expert Global Solutions—according to the FTC, which filed a complaint leading to a \$3.2 million penalty against the company in 2013—is “the world’s largest debt collection operation,” with 2011 revenues of \$1.2 billion and offices in the United States, Canada, Barbados, India, the Philippines, and Panama.³⁰ Encore Capital Group had revenues of \$448 million from receivables in 2011 and has offices in Texas, California, Minnesota, Arizona, India, and Costa Rica.³¹

Pressler and Pressler, LLP is headquartered in Parsippany, New Jersey, and specializes in the states of New York and New Jersey, where the firm, which represents national credit card companies, has specialized in retail collections since 1930.³²

Figure 8. Total Debt Collection Complaints by State

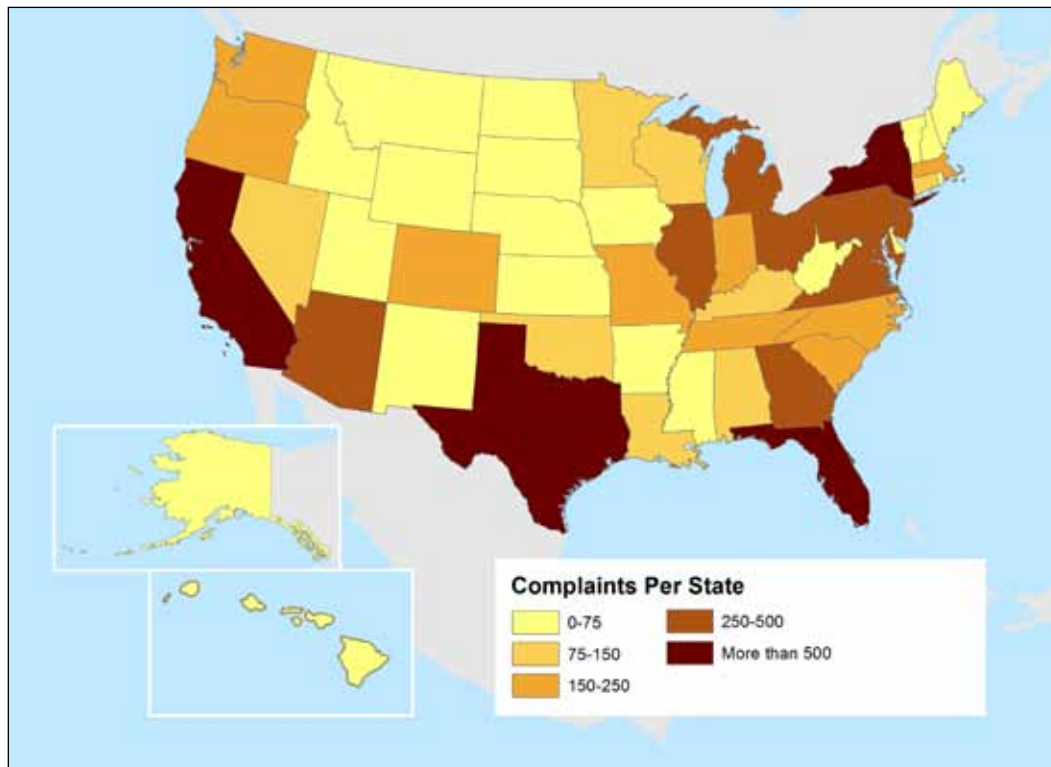


Figure 9. Debt Collection Complaints per 100,000 Residents, by State

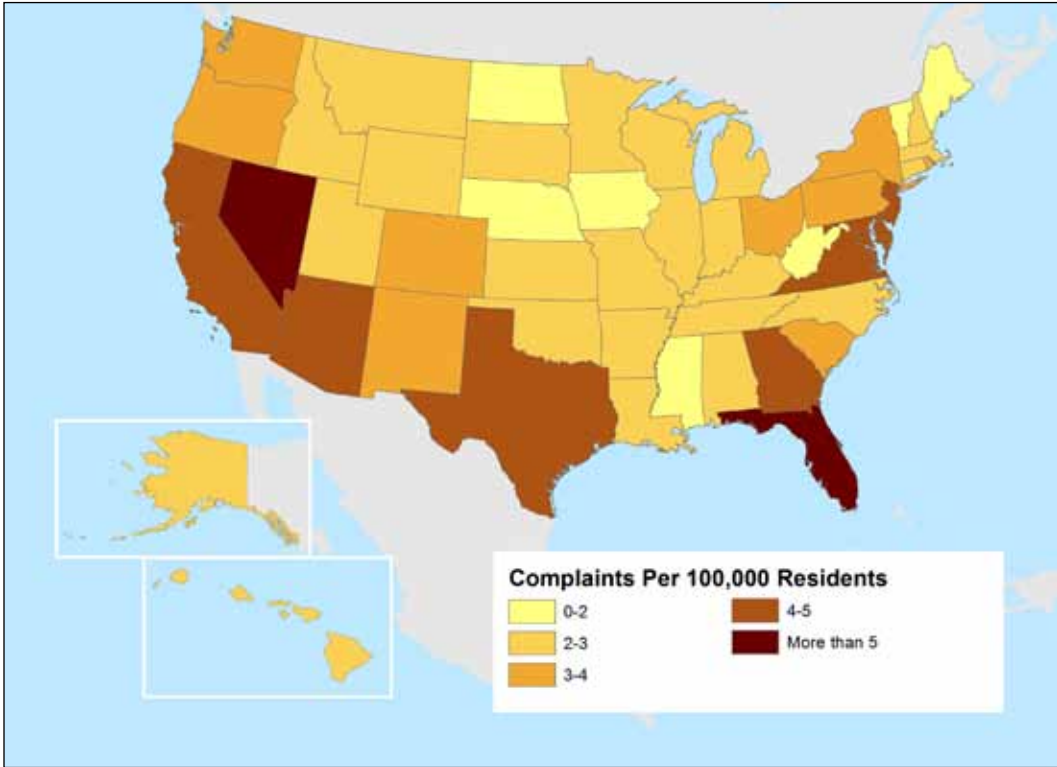
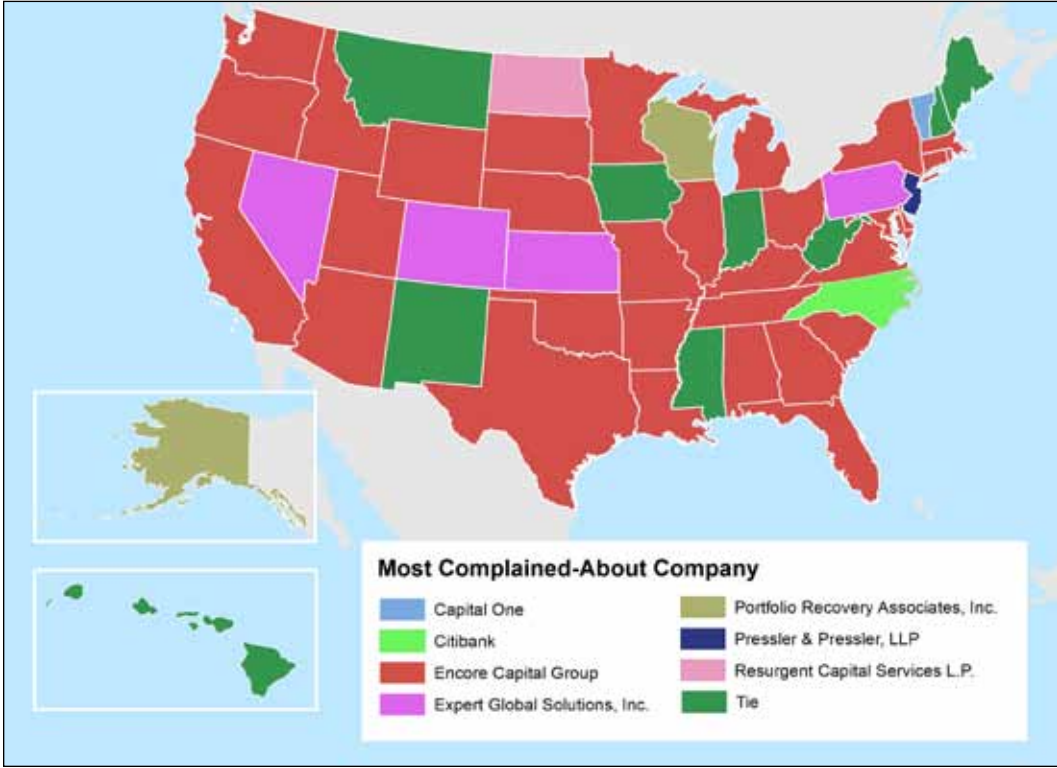


Figure 10. Encore Capital Group Is the Most Complained-about Company in 31 states



Conclusions and Recommendations

The CFPB's Consumer Complaint Database provides a rich source of information about the issues facing consumers in the financial marketplace. An analysis of the Consumer Complaint Database for complaints about debt collection reveals that:

- More than 11,000 complaints—an average of about 2,000 complaints per month—have been processed by the CFPB regarding debt collection since July 10, 2013, making debt collection the second-most complained-about sector of the financial services industry during that time period, after mortgages.
- The most frequent source of complaints by consumers was being pursued for collection of debts that did not belong to them. Problems with frequent debt collection calls were also a common cause of consumer complaints.
- The CFPB helped more than 2,100 consumers—or one in five complainants—receive non-monetary relief from debt collectors. It also helped about 3 percent of consumers receive monetary relief.

- Consumers dispute about 16 percent of company responses to their debt collection complaints.

The Consumer Complaint Database is an essential tool in the effort to protect consumers from deceptive and abusive practices in the financial marketplace.

To improve the quality of the Consumer Complaint Database and make it more user-friendly, the CFPB should:

- Add more detailed information to the database, such as actual complaint narratives, detailed complaint categories and subcategories, complaint resolution details, consumer dispute details, and data regarding membership in classes protected from discrimination by law. Expansion of complaint-level details should also include more information about amounts and types of monetary and non-monetary relief. Software and other techniques should be used to protect consumer privacy by giving consumers the right not to provide details and by taking steps to prevent the release of personally identifiable information or the re-identification of consum-

ers. It is critical that the CFPB achieve the disclosure of more individual complaint details while simultaneously making every reasonable effort to protect personal data.

- Add a field listing company subsidiaries, which are often the firms with which consumers actually interact. For example, Encore Capital Group, the company with the greatest number of debt collection complaints in the CFPB database, does business under the names of several subsidiaries. Adding subsidiary company information will enable consumers to better apply the information in the CFPB database to their own experiences, and to the choices they make in the marketplace.
- Expand the Consumer Complaint Database to include discrete complaint categories for credit products such as auto title loans and prepaid cards. We commend the CFPB for adding payday loan complaints to the database in November 2013.
- Provide regular trend analyses and monthly detailed reports on complaint resolutions and disputes.
- Simplify the interfaces that allow users to summarize complaint database reports in graphical and printable formats.
- Publicize information about the CFPB complaints process in forums that are likely to be seen by consumers. The agency should develop more outreach mechanisms for consumer education about the database and its services for consumers, including through the creation of educational materials to be distributed on- and off-line, through holding more educational events outside Washington, D.C., and through partnering with non-profit organizations.

- Develop free applications (apps) for consumers to download to smartphones allowing them to complain about a firm and providing information about how to review complaints in the database.

To protect consumers from unfair debt collection practices, the agency should:

- Stop debt collectors and buyers from collecting debts without proper information and documentation about the debt and records of prior communications with the consumer.
- Stop debt collectors from bringing robo-signed cases in court.
- Crack down hard on widespread use of threats, harassment, and embarrassment and make it easier for the consumer to demand a stop to unwanted communications.
- Prevent debt collectors from making robo-calls to cell phones, sending email or leaving messages in places where they might be seen or heard by others.
- Require debt collectors to verify that they are collecting the correct debts from the correct consumers, before they start collections.
- Clarify that the debt collection laws give consumers the right to sue to stop unfair practices and to collect multiple penalties for multiple violations.
- Protect servicemembers by strictly limiting contact with their commanders to verifications of employment and address.
- Protect all consumers by mandating additional disclosures concerning the effect of paying debts on their credit reports, such as a disclosure that says,

“Paying this debt will not remove it from your credit report.”

- Adopt additional reforms advocated by the National Consumer Law Center, Americans for Financial Reform, U.S. PIRG and other organizations. (See footnote for details.)³³

To improve the effectiveness of the CFPB, the agency should:

- Continue to use the information gathered from the Consumer Complaint Database, from supervisory and examination findings, and from other sources to require a high, uniform level of con-

sumer protection and to ensure that responsible industry players can better compete with those who are using harmful practices.

- Move quickly to implement strong rules, based on consumer complaints and findings from recent reports, to protect consumers from unfair overdraft practices and high-cost, direct-deposit advance bank loans and payday loans. The bureau should also move quickly to complete the arbitration studies required before it can ban or regulate the use of pre-dispute mandatory arbitration in consumer financial contracts.

Methodology

The Consumer Complaint Database

The Consumer Financial Protection Bureau (CFPB) maintains a database of complaints submitted by customers about banks and other financial institutions. The database is available for download online at www.consumerfinance.gov/complaint-database. Our analysis of the debt collection sector focuses on the distribution of complaints by state, by company, by “service” (equivalent to the “product” field in the CFPB database), and by “issue” and “sub-issue.” It includes complaints posted to the database through January 16, 2014.

Normalizing Complaints by State Population

2010 U.S. Census data were taken from the U.S. Census Bureau, apportionment data for 2010. We then divided the number of consumer complaints against individual state populations to normalize for state population size.

Appendix A: Detailed Data Tables for Complaints Regarding Debt Collection

Table A-1. Debt Collectors by Total Number of Complaints³⁴

Company	Number of Complaints	Share of Total Complaints Received
Encore Capital Group	911	8.3%
Expert Global Solutions, Inc.	483	4.4%
Portfolio Recovery Associates, Inc.	314	2.9%
Citibank	288	2.6%
Allied Interstate LLC	224	2.0%
Resurgent Capital Services L.P.	214	1.9%
Capital One	207	1.9%
GE Capital Retail	205	1.9%
Sallie Mae	201	1.8%
Bank of America	170	1.5%
JPMorgan Chase	155	1.4%
Wells Fargo	137	1.2%
EOS Holdings, Inc.	132	1.2%
Convergent Outsourcing	123	1.1%
Dynamic Recovery Solutions, LLC	121	1.1%
Diversified Consultants, Inc.	118	1.1%
Enhanced Recovery Company, LLC	118	1.1%
Afni, Inc.	105	1.0%
I.C. System, Inc.	104	0.9%
Cavalry Investments, LLC	92	0.8%
West Corporation	92	0.8%
The CBE Group, Inc.	91	0.8%
Stellar Recovery Inc.	87	0.8%
HSBC	79	0.7%
Green Tree Servicing, LLC	67	0.6%
CNG Financial Corporation	65	0.6%

<i>Table continued</i>		
Company	Number of Complaints	Share of Total Complaints Received
National Credit Systems, Inc.	64	0.6%
Retrieval-Masters Creditors Bureau, Inc.	64	0.6%
Commonwealth Financial Systems, Inc.	59	0.5%
Credit Protection Association, L.P.	59	0.5%
Hunter Warfield, Inc.	58	0.5%
Ocwen	55	0.5%
CashCall, Inc.	53	0.5%
Discover	53	0.5%
Delbert Services	51	0.5%
U.S. Bancorp	51	0.5%
ECMC Group, Inc.	48	0.4%
Performant Financial Corporation	47	0.4%
The CMI Group, Inc.	46	0.4%
Cash America International, Inc.	45	0.4%
HOVG, LLC	45	0.4%
Northland Group, Inc.	44	0.4%
Receivables Performance Management LLC	43	0.4%
RJM Acquisitions LLC	43	0.4%
SquareTwo Financial Corporation	42	0.4%
Commercial Recovery Systems	41	0.4%
Santander Consumer USA	41	0.4%
AllianceOne Receivables Management	40	0.4%

Table A-2. Complaints Per 100,000 Residents, by State

State	Total Complaints	Complaints per 100,000 Residents
DC	70	11.6
NV	140	5.2
FL	950	5.0
DE	45	5.0
MD	283	4.9
GA	455	4.7
VA	355	4.4
NJ	368	4.2
AZ	262	4.1
TX	1,027	4.1
CA	1,501	4.0
OR	152	3.9
SC	181	3.9
CO	191	3.8
NY	730	3.8
WA	249	3.7
RI	37	3.5
NM	68	3.3
PA	414	3.3
OH	356	3.1
TN	189	3.0
LA	134	2.9
ID	46	2.9
MO	173	2.9
AL	138	2.9
MI	279	2.8

State	Total Complaints	Complaints per 100,000 Residents
HI	38	2.8
OK	104	2.8
MT	27	2.7
MA	178	2.7
UT	75	2.7
AK	19	2.6
KS	74	2.6
IL	325	2.5
IN	163	2.5
KY	108	2.5
WY	14	2.5
NC	226	2.4
NH	31	2.3
WI	132	2.3
AR	67	2.3
SD	18	2.2
CT	78	2.2
MN	109	2.1
ME	25	1.9
MS	53	1.8
WV	32	1.7
IA	49	1.6
VT	10	1.6
NE	29	1.6
ND	8	1.2

Table A-3. Firm with Most Complaints About Debt Collection by State

State	Company	State	Company
AK	Portfolio Recovery Associates, Inc.	MT	Afni, Inc.; Collection Bureau Services, Inc.; JPMorgan Chase (tie)
AL	Encore Capital Group	NC	Citibank
AR	Encore Capital Group	ND	Resurgent Capital Services L.P.
AZ	Encore Capital Group	NE	Encore Capital Group
CA	Encore Capital Group	NH	Encore Capital Group; MNE Services, Inc.; Portfolio Recovery Associates, Inc. (tie)
CO	Expert Global Solutions, Inc.	NJ	Pressler & Pressler, LLP
CT	Encore Capital Group	NM	Allied Interstate LLC; Bank of America; Encore Capital Group (tie)
DC	Expert Global Solutions, Inc.	NV	Expert Global Solutions, Inc.
DE	Encore Capital Group	NY	Encore Capital Group
FL	Encore Capital Group	OH	Encore Capital Group
GA	Encore Capital Group	OK	Encore Capital Group
HI	Bank of America; Encore Capital Group (tie)	OR	Encore Capital Group
IA	Cavalry Investments, LLC; Encore Capital Group; The CBE Group, Inc. (tie)	PA	Expert Global Solutions, Inc.
ID	Encore Capital Group	RI	Encore Capital Group
IL	Encore Capital Group	SC	Encore Capital Group
IN	Encore Capital Group, GE Capital Retail (tie)	SD	Encore Capital Group
KS	Expert Global Solutions, Inc.	TN	Encore Capital Group
KY	Encore Capital Group	TX	Encore Capital Group
LA	Encore Capital Group	UT	Encore Capital Group
MA	Encore Capital Group	VA	Encore Capital Group
MD	Encore Capital Group	VT	Capital One
ME	Cavalry Investments, LLC; Citibank; EOS Holdings, Inc.; Sallie Mae (tie)	WA	Encore Capital Group
MI	Encore Capital Group	WI	Portfolio Recovery Associates, Inc.
MN	Encore Capital Group	WV	Convergent Outsourcing; Encore Capital Group; Expert Global Solutions, Inc. (tie)
MO	Encore Capital Group	WY	Encore Capital Group
MS	Diversified Consultants, Inc.; Expert Global Solutions, Inc. (tie)		

Table A-4. Number and Percentage of Overall Complaints by Problem Type

Issue or Sub-Issue	Complaints	Percent of Total	Percent of Category
Communication tactics	2,282	20.7%	100.0%
Called after sent written cease of communication	187	1.7%	8.2%
Called outside of 8am-9pm	92	0.8%	4.0%
Frequent or repeated calls	1,470	13.3%	64.4%
Threatened to take legal action	378	3.4%	16.6%
Used obscene/profane/abusive language	155	1.4%	6.8%
Continued attempts to collect debt not owed	4,424	40.1%	100.0%
Debt is not mine	2,711	24.6%	61.3%
Debt resulted from identity theft	263	2.4%	5.9%
Debt was discharged in bankruptcy	203	1.8%	4.6%
Debt was paid	1,247	11.3%	28.2%
Disclosure verification of debt	1,939	17.6%	100.0%
Not disclosed as an attempt to collect	114	1.0%	5.9%
Not given enough info to verify debt	1,385	12.6%	71.4%
Right to dispute notice not received	440	4.0%	22.7%
False statements or representation	834	7.6%	100.0%
Attempted to collect wrong amount	667	6.0%	80.0%
Impersonated an attorney or official	92	0.8%	11.0%
Indicated committed crime not paying	61	0.6%	7.3%
Indicated shouldn't respond to lawsuit	14	0.1%	1.7%
Improper contact or sharing of info	870	7.9%	100.0%
Contacted employer after I asked them not to	185	1.7%	21.3%
Contacted me after I asked not to	244	2.2%	28.0%
Contacted me instead of my attorney	27	0.2%	3.1%
Talked to a third party about my debt	414	3.8%	47.6%
Taking/threatening an illegal action	677	6.1%	100.0%
Collected/Attempted to collect exempt funds	83	0.8%	12.3%
Seized/Attempted to seize property	81	0.7%	12.0%
Sued without proper notification of suit	110	1.0%	16.2%
Sued where didn't live/sign for debt	24	0.2%	3.5%
Threatened arrest/jail if I do not pay	206	1.9%	30.4%
Threatened to sue on debt that is too old	173	1.6%	25.6%
Total	11,026	100.0%	100.0%

Table A-5. Top Reasons for Complaints Among the Ten Companies with Most Total Complaints³⁵

1	Encore Capital Group	911	100%
	Debt is not mine	237	26%
	Not given enough info to verify debt	168	18%
	Frequent or repeated calls	135	15%
	Debt was paid	88	10%
	Attempted to collect wrong amount	61	7%
2	Expert Global Solutions, Inc.	483	100%
	Debt is not mine	155	32%
	Debt was paid	85	18%
	Frequent or repeated calls	60	12%
	Not given enough info to verify debt	51	11%
	Attempted to collect wrong amount	29	6%
3	Portfolio Recovery Associates, Inc.	314	100%
	Debt is not mine	90	29%
	Frequent or repeated calls	49	16%
	Not given enough info to verify debt	48	15%
	Debt was paid	27	9%
	Contacted me after I asked them not to	16	5%
4	Citibank	288	100%
	Frequent or repeated calls	65	23%
	Debt is not mine	53	18%
	Debt was paid	32	11%
	Not given enough info to verify debt	23	8%
	Attempted to collect wrong amount	14	5%
5	Allied Interstate LLC	224	100%
	Debt is not mine	87	39%
	Frequent or repeated calls	50	22%
	Not given enough info to verify debt	20	9%
	Debt was paid	14	6%
	Attempted to collect wrong amount	13	6%

Table A-5. Top Reasons for Complaints Among the Ten Companies with Most Total Complaints³⁵

6	Resurgent Capital Services L.P.	214	100%
	Debt is not mine	58	27%
	Not given enough info to verify debt	57	27%
	Debt was paid	17	8%
	Attempted to collect wrong amount	15	7%
	Debt resulted from identity theft	14	7%
7	Capital One	207	100%
	Not given enough info to verify debt	30	14%
	Debt is not mine	26	13%
	Frequent or repeated calls	24	12%
	Debt was paid	23	11%
	Attempted to collect wrong amount	13	6%
8	GE Capital Retail	205	100%
	Frequent or repeated calls	52	25%
	Debt is not mine	44	21%
	Debt was paid	31	15%
	Attempted to collect wrong amount	13	6%
	Not given enough info to verify debt	12	6%
9	Sallie Mae	201	100%
	Frequent or repeated calls	61	30%
	Debt is not mine	33	16%
	Debt was paid	17	8%
	Talked to a third party about my debt	12	6%
	Threatened to take legal action	12	6%
10	Bank of America	170	100%
	Not given enough info to verify debt	30	18%
	Debt is not mine	22	13%
	Debt was paid	19	11%
	Debt was discharged in bankruptcy	18	11%
	Frequent or repeated calls	18	11%

Appendix B: Searchable Public Databases of Complaints to Government Agencies

The CFPB's searchable complaint database is the newest of a set of federal government complaint databases that help consumers make better economic and safety choices by reviewing others' experiences and searching for problems or product recalls. This transparency also helps firms improve their products and services. Here is information on how to contact the CFPB and some of the other public databases maintained by government agencies. U.S. PIRG Education Fund visited each of the other databases, and a quick overview of their contents and ease of use is below. A more detailed review can be found at www.uspirgedfund.org/issues/usf/consumer-tips.

CFPB's Searchable Financial Services Complaint Database: The CFPB Consumer Complaint Database discloses data associated with financial institutions and their practices to help provide consumers with recent and comprehensive information to make responsible decisions concerning their finances and to enhance the market's ability to operate efficiently and transparently. The CFPB provides public access to an electronic database that contains individual fields for each unique complaint. In short, this allows consumer complaints to be easily accessible in a data-rich format. The CFPB's goal is to improve the transparency and efficiency

of the monetary market and further empower the American consumer.

The database can be viewed at: www.consumerfinance.gov/complaintdatabase.

Consumers may submit complaints to the CFPB at www.consumerfinance.gov/complaint.

Consumer complaints can also be made by phone (855) 411-2372, fax (855) 237-2392, postal mail (1700 G Street, NW Washington, D.C. 20552), and e-mail (info@consumerfinance.gov).

Safercar.gov: The National Highway Traffic Safety Administration (NHTSA), according to its website, was established in 1970 to direct highway safety and consumer programs.³⁶ Safercar.gov, established online in 1994, allows consumers to identify and report problems or file a complaint about their vehicle, tires, equipment or car seats by phone, by filling out a PDF for email, or through an electronic form on the agency's website. All information to file a complaint or search the database can be found on the website's home page, www.safercar.gov. Logging onto the website, consumers can quickly and easily navigate to see other complaints (www.odi.nhtsa.dot.gov/owners/SearchComplaints) as well as find the link to file their own complaint and access investigations, complaints or recall reports (www.odi.nhtsa.dot.gov/owners/SearchVehicles). The da-

tabase can also be exported (downloaded) for further analysis at www.odi.nhtsa.dot.gov/downloads.

U.S. PIRG Education Fund's Overall Review for Safercar.gov: This user website is generally easy to navigate and accessible for the average consumer. The homepage clearly gives the consumer specific tabs on the homepage labeled "vehicle shoppers," "vehicle owners," "vehicle manufacturers" and "parents central" for general navigation. Also included on the homepage are direct links (on the right side of the page by the scroll bar) to file a complaint, search for recalls and previous complaints, and get help with a car seat. The actual process of filing a complaint is straightforward and is broken down in such a way that is not time consuming.

Saferproducts.gov: The United States Consumer Product Safety Commission (CPSC), created in 1972 through the Consumer Product Safety Act, is an independent agency of the United States government. It has authority to investigate and recall 15,000 different types of consumer products ranging from toasters and dishwashers to bicycles, clothing, cribs and children's toys. In 2008 the Consumer Product Safety Improvement Act was passed; the new law established authority for a searchable public consumer products database that went live in 2011.

The main page for the website is: www.saferproducts.gov. Complaints may be filed at www.saferproducts.gov/CPSRMSPublic/Incidents/ReportIncident.aspx. At the main page, (www.saferproducts.gov/Search/default.aspx) consumers and researchers can view incident reports or recalls or both, by product category, or they can export the database for additional analysis.

U.S. PIRG Education Fund's Overall Review for Saferproducts.gov: When searching recalls on saferproducts.gov, consumers are easily able to search directly for what they're looking for. The website is broken down into easily iden-

tifiable sections; whether the consumer is seeking to file a report or review reports and recalls, the site offers links to each popular section on the homepage for consumers. The actual database of consumer reports and recalls is somewhat difficult to download, understand and read. However, there is also an easy-to-use online search engine, which includes photos and icons for complaint categories, and specific tabs and links to navigate to the pages of the site they wish to view.

Air Travel Consumer Report: The United States Department of Transportation (DOT), established by act of Congress in 1966, supervises vital means of transportation throughout the United States, including travel by air.³⁷ The Air Travel Consumer Report is a monthly product of the Department of Transportation's Office of Aviation Enforcement and Proceedings (OAEP). The report is designed to assist consumers with information on the quality of services provided by airlines.

The home page for the U.S. DOT is www.dot.gov. The link for filing complaints is www.dot.gov/airconsumer/file-consumer-complaint. The link for reviewing monthly reports is www.dot.gov/airconsumer/air-travel-consumer-reports. U.S. DOT maintains a fact sheet of air travel tips for consumers available here: www.dot.gov/airconsumer/air-travel-tips.

U.S. PIRG Education Fund's Overall Review for U.S. DOT's Air Travel Consumer Report: Air travel complaint reports are issued monthly. Unlike the other databases, which can be searched and downloaded, the DOT air travel database is summarized into monthly reports in PDF format. It includes information on air travel problems including late arrivals and lost luggage disputes. U.S. PIRG Education Fund has on several occasions urged U.S. DOT to make these data more user-friendly to consumers and researchers. U.S. DOT does maintain other pages

of downloadable information, but not for air travel complaints.

MyEdDebt.com: The U.S. Department of Education, at the urging of the National Consumer Law Center, has recently improved the borrower complaint process by allowing access to a centralized complaint system.³⁸ This has been a crucial step forward for defaulted borrowers who previously could not find the complaints section when visiting the federal student aid website, and were not given specific guidance with the most common concerns.

U.S. PIRG Education Fund's Recommendations: Using the CFPB's complaints database as a model, we recommend that the Department of Education also create a searchable database to track all federal borrower complaints, outside of those for which the borrower is in default. Additionally, the department should make aggregated complaint data public. Tracking the data will help borrowers and advocates, and will also help the agency drive oversight and compliance actions.

Notes

- 1 Comments of the National Consumer Law Center et al (including U.S. PIRG) are available at www.regulations.gov/#!docketDetail;D=CFPB-2013-0033 or from the authors.
- 2 Robert Morris University, *Who Was Robert Morris?*, accessed at www.rmu.edu/about-rmu/rmu-history-heritage/WhowasRobertMorris, 21 January 2014.
- 3 USHistory.org, Independence Hall Association, *Signers of the Declaration of Independence: James Wilson: 1742-1798*, accessed at www.ushistory.org/declaration/signers/wilson.htm, 21 January 2014.
- 4 U.S. Federal Trade Commission, *In Settlement with FTC, Debt Collectors Agree to Stop Deceiving Consumers and Pay Nearly \$800,000* (press release), 26 March 2013.
- 5 U.S. Federal Trade Commission, *Under FTC Settlement, Debt Buyer Agrees to Pay \$2.5 Million for Alleged Consumer Deception* (press release), 30 January 2012.
- 6 Thom Weidlich, “Encore Capital Units Sued by West Virginia Over Practices,” *Bloomberg News*, 8 March 2012.
- 7 Jessica Silver-Greenberg, “Welcome to Debtors’ Prison, 2011 Edition,” *The Wall Street Journal*, 17 March 2011.
- 8 United States Federal Trade Commission, *Debt Collection*, November 2013, accessed at www.consumer.ftc.gov/articles/0149-debt-collection, 21 January 2014.
- 9 Consumer Financial Protection Bureau, *The CFPB Puts Companies on Notice About Harmful Debt Collection Practices* (press release), 10 July 2013.
- 10 Consumer Financial Protection Bureau, *CFPB to Oversee Debt Collectors* (press release), 24 October 2012, available at www.consumerfinance.gov/newsroom/consumer-financial-protection-bureau-to-oversee-debt-collectors.
- 11 In addition to its ongoing enforcement actions against debt collectors, other important recent actions by the Federal Trade Commission include its 29 July 2010 expansion of the Telemarketing Sales Rule to restrict unfair actions by debt settlement companies. See U.S. Federal Trade Commission, *FTC Issues Final Rule to Protect Consumers in Credit Card Debt* (press release), 29 July 2010, available at www.ftc.gov/news-events/press-releases/2010/07/ftc-issues-final-rule-protect-consumers-credit-card-debt. Also see U.S. Federal Trade Commission, *Under FTC Settlement, Debt Buyer Agrees to Pay \$2.5 Million for Alleged Consumer Deception*, (press release), available at www.ftc.gov/news-events/press-releases/2012/01/under-ftc-settlement-debt-buyer-agrees-pay-25-million-alleged. This January 2012 case against the debt collector Asset Acceptance established the important principle that a debt collector must notify consumers “whose debt may be too old to be legally enforceable that it will not sue to collect on that debt.” In testimony before Congress, the FTC explained its other ongoing activities against debt collectors, including release of a landmark January 2013 empirical study of the debt buyer industry. See U.S. Federal Trade Commission, *FTC Testifies before Senate Banking, Housing, and Urban Affairs Subcommittee on Debt Collection and the Fair Debt Collection Practices Act* (press release), 17 July 2013, available at www.ftc.gov/news-events/press-releases/2013/07/ftc-testifies-senate-banking-housing-and-urban-affairs.

- 12 Consumer Financial Protection Bureau, *About Us*, accessed at www.consumerfinance.gov/the-bureau, 23 July 2013.
- 13 Ibid.
- 14 Ibid.
- 15 Consumer Financial Protection Bureau, *Consumer Response: A Snapshot of Complaints Received*, March 2013.
- 16 Ibid. See also Consumer Financial Protection Bureau, *Submit a Complaint*, accessed at www.consumerfinance.gov/complaint, 23 July 2013.
- 17 Consumer Financial Protection Bureau, *New Ways to Combat Harmful Debt Collection Practices*, 10 July 2013.
- 18 Expert Global Solutions, Inc., *Company Profile*, accessed at www.egscorp.com/About_EGS/index.html, 28 January 2014.
- 19 NCO Group, *Profile*, accessed at www.ncogroup.com/About_NCO/Profile.html, 28 January 2014.
- 20 Encore Capital Group, *Locations*, accessed at www.encorecapital.com/about/locations, 21 January 2014.
- 21 See note 8.
- 22 Ibid. The Fair Debt Collection Practices Act (FDCPA) requires collectors to stop almost all collection communications with a consumer if the consumer requests the collector to halt communications in writing. The FDCPA also requires collectors to stop collection phone calls (but not other forms of communication) if the consumer requests that the collector do so by means other than in writing.
- 23 Gibson Dunn, *The Consumer Financial Protection Bureau: Its Foundation, Authorities, and First Year of Enforcement*, 5 June 2013.
- 24 Consumer Financial Protection Bureau, *CFPB to Oversee Debt Collectors* (press release), 24 October 2012.
- 25 Ibid.
- 26 Ibid.
- 27 All complaints to these companies were either closed with explanation, closed without explanation, in progress, or did not receive a timely response.
- 28 Only includes issues for which the leading company has at least 10 complaints.
- 29 Includes only the top 20 companies by total number of complaints.
- 30 United States Federal Trade Commission, *World's Largest Debt Collection Operation Settles FTC Charges, Will Pay \$3.2 Million Penalty* (press release), 9 July 2013.
- 31 Securities and Exchange Commission, *Encore Capital Group, Form 10-K*, filing date February 9 2012, accessed at pdf.secdatabase.com/2980/0001193125-12-049265.pdf, 21 January 2013.
- 32 Pressler and Pressler LLP, *Welcome to Pressler and Pressler LLP*, accessed at www.pressler-pressler.com, 21 January 2014 .
- 33 Comments of National Consumer Law Center et al (including U.S. PIRG) are available at <http://www.regulations.gov/#!docketDetail;D=CFPB-2013-0033> or from the authors.
- 34 Includes only companies with more than 25 complaints.
- 35 Includes only top five issues by total number of complaints per company.
- 36 National Highway Traffic Safety Administration, *NHTSA: People Saving People*, accessed at www.safercar.gov/About+NHTSA, 7 November 2013.
- 37 United States Department of Transportation, *About Us*, accessed at www.dot.gov/mission/about-us, 7 November 2013.
- 38 National Consumer Law Center, *Borrowers on Hold: 2013 Update*, 14 March 2013.