

Complaint Management

Shaun Harms – CRCM
ACB 2020 Compliance Conference



1



2

Importance of adequate complaint management systems

- ▶ Complaints are one of the most overlooked underappreciated area in most banks.
- ▶ Most do not take as seriously as they should.

3

Myths

- ▶ Complaints always a bad thing

4

Facts!

- ▶ Complaints can serve as helpful indicators of possible weaknesses in processes, training, and controls. Banks should also ensure they investigate consumer complaints thoroughly and respond to complainants promptly with the results of those investigations.

5

What is a complaint?

- ▶ A consumer complaint or customer complaint is an expression of dissatisfaction on a consumer's behalf to a responsible party.
- ▶ It can also be described in a positive sense as a report from a consumer providing documentation about a problem with a product or service.

6

What causes complaints?

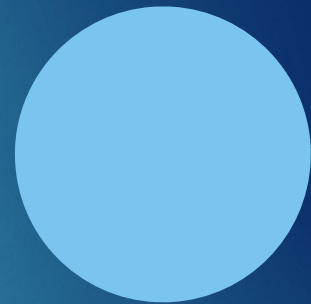
- ▶ Consumers are more likely to lodge a complaint when they believe banks do not take their concerns seriously and respond promptly.



7

Types of Complaints

- ▶ Regulatory
 - ▶ FDIC, FED, OCC, CFPB, ASBD
- ▶ Attorney Generals Office
- ▶ BBB
- ▶ Social Media
- ▶ Oral



8

Regulatory complaints

- ▶ Letters from complaints
- ▶ Response to regulators
 - ▶ Don't just blow it off
 - ▶ Have a plan
 - ▶ Regulators will follow-up on it!

9

Social Media

1. Handling: Contact customers directly
 - ▶ Preserve customer privacy (direct messaging, email, etc.)
 - ▶ If a customer cannot be reached directly, provide a method for resolution (email address, phone number, etc.)
 - ▶ Strive to resolve issue with first contact
2. Technology: Leverage software to search key words
3. Screening:
 - ▶ Respond timely to customer complaints plus inquiries
 - ▶ Do not delete all negative comments. But, delete those that violate Community Standards (profanity, threatening, etc.)
4. Reporting: Track social media complaints and design reporting as you do for complaints coming in through other channels.

10

Why is this important?

- ▶ It's a report card for your bank!
- ▶ Who else to let you know about potential issues or problems that your own customers!
- ▶ Don't always treat them as a bad thing!
- ▶ Learn from your mistakes and shortcomings

11

Complaints

- ▶ If regulated by CFPB they are tracked and public!

<https://www.consumerfinance.gov/data-research/consumer-complaints/>

12

Why is this important

- ▶ This is a critical factor in your examination!



The Photo by Unknown Author is licensed under CC BY-SA

13

Exams

- ▶ From the Federal Reserve
- ▶ Examiners will consider the bank's policies and processes for overseeing complaints; the quality and timeliness of the bank's investigations and responses; and the bank's practices for monitoring complaints to identify risks of potential consumer harm, program deficiencies, and customer service issues and for taking appropriate action on identified risks.

14

Complaint Management – Exams

- ▶ Determine whether a bank has an effective customer complaint system
 - ▶ Defines a complaint, including levels of significance or risk
 - ▶ Identifies individuals responsible for addressing complaints
 - ▶ Includes an escalation process for significant or high-risk complaints
 - ▶ Internal whistleblower referrals to identify potential compliance risk or consumer harm
 - ▶ Monitoring of third party service providers
 - ▶ Analyzes complaints to determine root cause
 - ▶ Reports complaint data and trends to board and management

15

Factors to be considered	1	2	3	4	5
Consumer Complaint Response	Processes and procedures for addressing consumer complaints are strong. Consumer complaint investigations and responses are prompt and thorough. Management monitors consumer complaints to identify risks of potential consumer harm, program deficiencies, and customer service issues and takes appropriate action	Processes and procedures for addressing consumer complaints are adequate. Consumer complaint investigations and responses are generally prompt and thorough. Management adequately monitors consumer complaints and responds to issues identified.	Processes and procedures for addressing consumer complaints are inadequate. Consumer complaint investigations and responses are not thorough or timely. Management does not adequately monitor consumer complaints.	Processes and procedures for addressing consumer complaints and consumer complaint investigations are seriously deficient. Management monitoring of consumer complaints is seriously deficient.	Processes and procedures for addressing consumer complaints are critically absent. Meaningful investigations and responses are absent. Management exhibits a disregard for complaints or preventing consumer harm.

Consumer compliance ratings

ONE OF THE FACTORS IN THE COMPLIANCE RATING IS THE BANK'S COMPLAINT MANAGEMENT

16

What do we need to do?

- ▶ Banks should evaluate complaints to ensure the bank is not violating consumer protection laws and regulations, including confirming the bank has not engaged in unfair or deceptive acts or practices (UDAP) or discrimination.

17

What do we need to do?

- ▶ Implement effective communication for complaints
- ▶ Implement a tracking mechanism for complaints
 - ▶ Excel spreadsheets
 - ▶ Software
- ▶ Conduct a root cause analysis for each complaint
 - ▶ Determine what actually happened and why
 - ▶ Don't take some ones word for it! (i.e. Loan Officer)
- ▶ Review periodically for patterns

18

Spreadsheet

- ▶ Name
- ▶ Date
- ▶ Method Received
- ▶ Complaint
- ▶ Area
- ▶ Research
- ▶ Root Cause
- ▶ Analysis (Issues, Consumer Harm, etc.)
- ▶ Action needed

19

Root Cause

Research & resolve

- ▶ Identify root cause: Additional research may be needed
- ▶ People
 - Error: Procedure breakdown
 - No error: Poor customer service
- ▶ Process
 - Error: Procedure or system not producing intended result
 - No error: Customer doesn't like the policy
- ▶ Product
 - Error: Product design
 - No error: Customer doesn't like product features
- ▶ Determine impact and severity: Isolated or systemic?

20

What complaints will show

- ▶ Where training is needed
- ▶ Processes that should be tweaked or reviewed
 - ▶ Fees, processes, etc.
 - ▶ Disclosures
- ▶ Problem employees

21

Recordkeeping

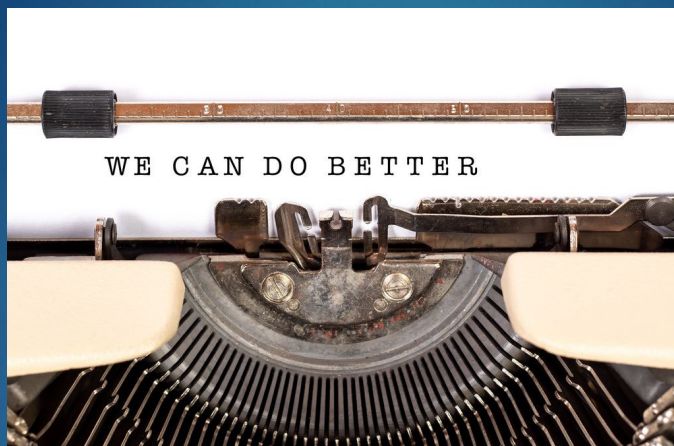
- ▶ Do all complaints go into the CRA public file?

22

What should we take from this?

- ▶ An effective compliant management system is directly related to the bank's CMS.
- ▶ Review the communication for complaints to the Compliance Department
 - ▶ Of all kinds
- ▶ Does your process adequately assess the complaint and assess the root cause
- ▶ Do you filter complaints to look for patters or concerns?
- ▶ Are bank personnel trained on complaints?

23



[This Photo](#) by Unknown Author is licensed under [CC BY](#)

24

Questions

