

# Overview of the BCFP's Debt Collection Complaints and Research



## BCFP COMPLAINT DATABASE SUBMISSIONS

Based on the raw number of complaints submitted to the complaints database, debt collection was the second most complained about product category in the BCFP consumer complaint database in 2017, accounting for 19.7% of complaints. Credit reporting, credit repair services, or other personal consumer reports was the most complained about category, accounting for 37.2% of all complaints.

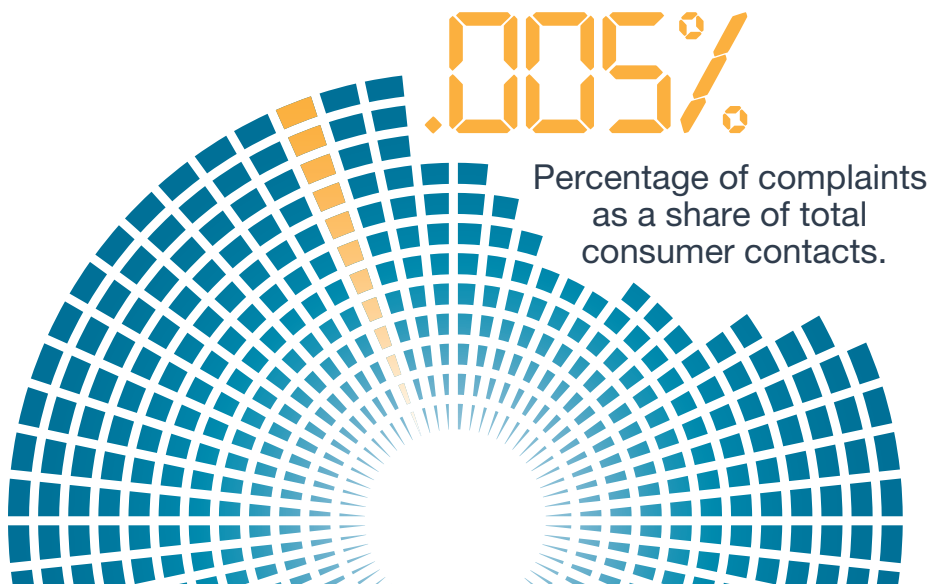
Response options that measure the most negative stereotypes about the debt collection industry, such as harassment or illegal practices, were the categories consumers selected the least and represent an exceptionally small number of responses. Additionally, these categories saw declines from 2016 to 2017. These data suggest that consumers are not complaining about harassing or harsh debt collection practices and that the majority of debt collectors are adhering to legal requirements and ethical guidelines.

As of 2017, the BCFP continues to struggle with collecting and presenting data in a transparent fashion. Mid-year changes to response options result in data that are difficult for the average consumer to use and interpret, response categories that overlap, and minimal context for understanding the data.

The BCFP very broadly defines a “complaint” as “submissions that express dissatisfaction with, or communicate suspicion of wrongful conduct by, an identifiable entity related to a consumer’s personal experience with a financial product or service.” Furthermore, it is also important to note that the BCFP does not verify the complaints that it receives from consumers for accuracy.

## Complaints in Context

The total number of debt collection complaints received by the BCFP represents 0.005% of all consumers who had contact with the debt collection industry.



## Timely Response to Complaint by Debt Collector

94.4% of complaints were responded to in a timely manner by debt collection agencies.



## Complaints as a Percentage of Debts in Collection

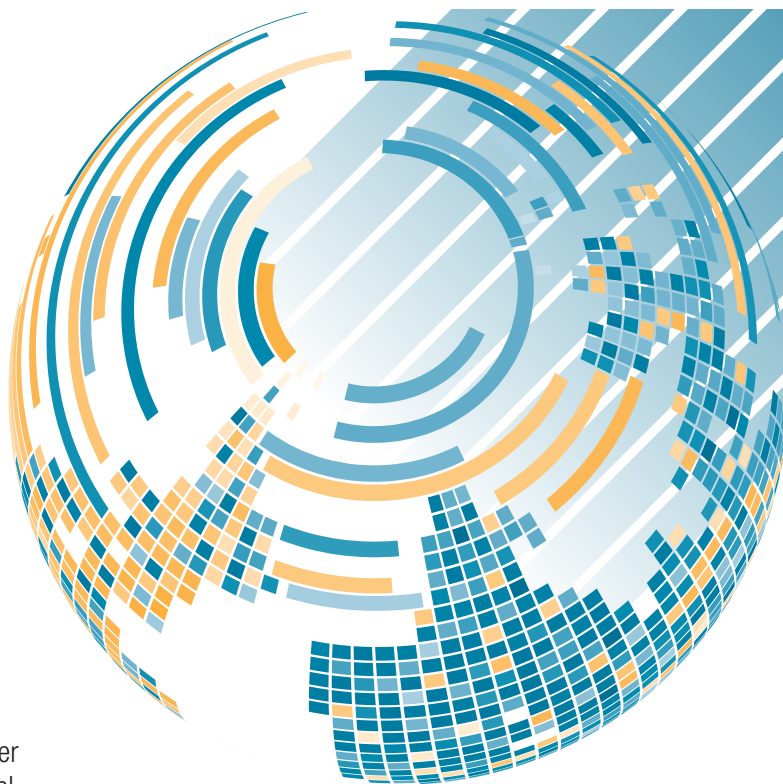
Complaints account for only .06% of all Americans estimated to have a debt in collection.



## Majority of Complaints Resolved

The majority of cases were closed with explanation (84%) and did not require any additional form of relief for resolution.





## ISSUES WITH DATA COLLECTION

The BCFP's use of non-exclusive reporting categories allows for overlap in the complaint submission process creating confusion among consumers and leading to inaccurate categorization of complaints.

The BCFP data is subject to confirmation bias, as the data are collected assuming financial services companies are bad actors through a portal designed to elicit complaints substantiating that claim. Those data are subsequently made publicly available as representative of industry behavior and consumer experiences.

The problem of consumers misclassifying complaints or intending to complain about one product but submitting a complaint for another product appears to be a common occurrence. Because of categorical constraints and lack of specific financial products, such as insurance, consumers submitting a complaint must choose the most closely related option. In the case of many billing disputes, whether with businesses, credit reporting agencies, or insurance companies, many consumers appear to select debt collection as a default. This overinflates the total number of complaints in the debt collection category while overlooking the underlying issues.

The BCFP uses the data collected via the consumer complaint database to inform decisions on rulemaking, enforcement actions, and industry guidance. However, without rigorous and appropriate methodological practices in place, it is difficult to discern the veracity of the data collected or to use those data to make empirically informed decisions.

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## BCFP CONSUMER EXPERIENCES WITH DEBT COLLECTION SURVEY

The consumer experience survey data was touted as the “first comprehensive and nationally representative data,” its overall sample of individuals with experience with the debt collection industry is remarkably small. Of the 2,132 survey respondents, only 682 individuals (32%) report being contacted by a debt collector. Despite this, the BCFP continually couches its findings in relation to all American consumers with debt collection experience.

Rather than report its findings with any degree of statistical certainty, the BCFP describes the survey report as a “descriptive” exercise to “highlight patterns that may be of policy interest” and “to sketch, from consumers’ perspectives, the broad experience of debt collection.” The BCFP further cautions that this descriptive sketch “does not present standard errors or statements about the statistical significance of the differences” across groups.

For areas of particular importance to the debt collection industry, the BCFP survey asked consumers about their experience without defining the legal regulations that govern some interactions.

The presentation of data lacks clarity and lends itself to overestimating the prevalence of certain findings. By focusing almost entirely on percentages throughout the report, coupled with a near-total absence of raw numbers or sample sizes for individual questions, the BCFP offers only limited context for interpreting responses or situating them within the larger sample.