



**Banker's Compliance  
Consulting**

# Complaint Management

October 29, 2020

Turning Regulations into  
**PLAIN ENGLISH!**



### **Banker's Compliance Consulting**

Since 1993, Banker's Compliance Consulting has been providing a unique service to financial institutions. No matter how large or small your institution, Banker's Compliance Consulting has a proven solution for your compliance and auditing needs personally ensuring consistent interpretations of the ever-changing rules and regulations. Our Consultants understand the technical aspects of the regulations that are commonly misunderstood, the practical application of the regulations, as well as examiner interpretations that are not readily available to the banking industry. To avoid potential violations, Banker's Compliance Consulting offers corrective Compliance Reviews, as well as, compliance training for your institution. Effective compliance training is no longer an option it is a necessity for every bank.

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Banker's Compliance Consulting provides **telephone and e-mail consultation** for your compliance questions. You may schedule **compliance reviews** or request tailored **seminars** and/or **training** for your personnel. Check out our website for free resources and downloads, to order compliance products, review our upcoming Compliance seminars, sign up for our **free blog**, or receive a **free sample of our monthly magazine** "Banking on BCC".

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Jerod likes to spend his time (between reading regulations and producing compliance training!) relaxing at the lake with his wife and three children, following their activities or engaged in something sports related!

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*\* Words in Italics are taken directly from the applicable regulations.*

This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. The information contained within this manual pertains to federal regulations. Banker's Compliance Consulting makes every attempt to understand applicable state laws as well; however, this information may not be represented in this manual. If you are aware of state laws that conflict with information presented in this manual, please contact Banker's Compliance Consulting. This publication contains the author's opinion on the subject. All rights reserved. This manual may not be reproduced in whole or in part in any form whatsoever without permission from the publisher. The publisher hereby specifically disclaims any personal liability for loss or risk incurred as a consequence of the advice or information presented in this book.

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Printed in the United States of America

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# Complaints

## I. Complaint – Defined (or not):

Unfortunately, financial institutions are on their own when it comes to defining complaints. The term isn't defined within law or regulation. Try to keep it simple; however, use caution when determining your definition of a "complaint".

A. Too Narrow...

B. Too Broad...

C. Recommend Starting Point:

Any type of communication that expresses dissatisfaction with your financial institution's products, services, policies, procedures, processes or employees.

D. What are some examples of complaints?

E. It doesn't matter what you think. What matters is how you acknowledge and respond.

# Complaints

## II. A Complaint = An Opportunity

### A. “Real-Time” Information:

A complaint is a valuable piece of “real-time” information that creates an opportunity to:

1. Stop Something
2. Start Something
3. Improve Products and/or Services
4. Create New Products and/or Services
5. Retain Customers
6. Attract New Customers
7. Evaluate Audit and/or Monitoring Efforts
8. Evaluate Resources
9. Others?

### B. Default Self-Monitoring Tool/Resource

# Complaints

## III. Who Do Complaints Come From?

- A. Consumers
- B. Non-Consumers
- C. Customers
- D. Non-Customers
- E. State and/or Federal Regulatory Agency
- F. Representative
- G. Anonymous
- H. Financial Institution Vendor
- I. Other?

# Complaints

## IV. Compliance Management Systems (CMS) Intersection:

A. Board and Senior Management Oversight

B. Compliance Program “Pillars”:

1. Policies, Procedures and Processes
2. Training
3. Monitoring, Testing and/or Audit
4. **Consumer Complaint Acknowledgement and Response**



## Complaints

### V. The Regulatory Agency View of Complaints:

The Agencies consider ...*complaint data to be a critical component of its risk-focused supervisory program and uses it as a risk factor to assess a financial institution's compliance with consumer regulations.* [Consumer Compliance Outlook – 2nd Quarter 2012]:

A. Protect:

*Safeguard the rights of consumers.* [Outlook Live – 8/18]

B. Consumer Harm:

...detect and address consumer harm... [Outlook Live – 8/18]

C. CMS Adequacy:

*Gauge the adequacy of an institution's... CMS ...program.* [Outlook Live – 8/18]

D. Industry Guidance:

*Indicate consumer protection concerns that **may require industry regulatory guidance.*** [Outlook Live – 8/18]

E. New Regulation:

*It is important for financial institutions to recognize that data about consumer complaints are also **used to determine the need for future regulations.** The Dodd-Frank Wall Street Reform and Consumer Protection Act specifically provides that “in order to support its rulemaking and other functions, the [Consumer Financial Protection] Bureau shall monitor for risks to consumers in the offering or provision of consumer financial products or services, including developments in markets for such products or services.”* [Consumer Compliance Outlook – 2nd Quarter 2012]:

# Complaints

## VI. Regulatory Examination Expectation:

*An institution should be prepared to handle consumer complaints promptly. Procedures should be established for addressing complaints, and individuals or departments responsible for handling them should be designated and known to all institution personnel to expedite responses.*

*Examiners should also discuss with management how complaints are identified and defined, as consumer inquiries may also highlight areas with increased risk of consumer harm and/or regulatory compliance concerns.*

*Complaints may be indicative of a compliance weakness in a particular function or department. Therefore, a **compliance officer should be aware of the complaints received and act to ensure a timely resolution. A compliance officer should determine the cause of the complaint and take action to improve the institution's business practices, as appropriate.***

*An institution should also monitor complaints to and/or about third parties that are providing services on behalf of the institution. <https://www.fdic.gov/regulations/compliance/manual/2/ii-3.1.pdf>*

- A. Quantity
- B. Types
- C. Resolution
- D. Common Complaints
- E. UDAAP
- F. Discrimination (NOT limited to lending)
- G. Federal Law Violations
- H. Bank Errors (Software, Vendor Management, Frontline, etc.)
- I. CRA
- J. Others?

# Complaints

## VII. Complaint Management Program:

A. Complaint Risk Assessment – Not Required But...

B. The “General” Program Structure:

1. Board Approved Policy
2. Procedures and Processes
3. Tracking, Monitoring and Reporting
4. Training

C. Complaint Policy

D. Complaint Procedures & Processes:

1. Make it Easy for Customers to File a Complaint
2. How are complaints handled? – The Who, What, Where, When and How

# Complaints

## 3. Identify Complaint Channels:

*The establishment of channels through which the entity can receive consumer complaints and inquiries.*  
[CFPB Supervisory Highlights – Summer 2013]

### a. Examples:

- i. Regulator
- ii. In Person
- iii. Phone
- iv. Letter
- v. Email
- vi. Social Media
- vii. Vendor
- viii. Third Party
- ix. Other

### b. Everyone Sits Back and Plays Defense; but...

### c. You Have to Play Offense Too!

# Complaints

## 4. Identifying and Reporting Responsibility:

### a. Identification:

Everyone is responsible for identifying and reporting complaints. Complaints aren't always easy to recognize. You need to be able to tell the difference between:

#### i. Inquiries

#### ii. Account/Service Maintenance Requests

#### iii. Complaints:

Founded or unfounded, do not dismiss any dissatisfaction.

### b. Reporting:

Once a complaint is identified, who gets notified?

## Complaints

### 5. Research and Resolution:

*The proper and timely resolution of all complaints...* [CFPB Supervisory Highlights – Summer 2013]

#### a. Research/Investigation:

i. Responsibility

ii. Risk

iii. Timelines

iv. Root Cause Analysis

#### b. Resolution:

i. Responsibility

ii. Customer Follow Up/Action Taken:

A.) Explanation

B.) Refund

C.) Account Correction

iii. Internal Follow Up

# Complaints

## 6. Documentation and Retention:

*The recordation, categorization, and analysis of complaints and inquiries...* [CFPB Supervisory Highlights – Summer 2013]

### a. In General:

i. The Complaint

ii. The Research Performed / Records Relied Upon

iii. The Resolution

### b. Complaint Data (As Applicable):

- i. Name of Person Who Submitted the Complaint
- ii. Person on Whom Behalf the Complaint Was Submitted
- iii. Date Received
- iv. Who Received the Complaint
- v. How Was the Complaint Received
- vi. Account Number(s) Affected
- vii. Type and Description of the Complaint
- viii. Applicable Laws and/or Regulations
- ix. Risk Factor (i.e. High, Medium or Low)
- x. Person(s) Responsible for Investigating the Complaint
- xi. Date of Complaint Resolution
- xii. Description of the Complaint Resolution
- xiii. Monetary Relief
- xiv. Root Cause
- xv. Description or Copies of Records Related to the Complaint Investigation

## 7. Regulatory Review:

*Reviews for possible violations of Federal consumer financial laws.* [CFPB Supervisory Highlights – Summer 2013]

# Complaints

## E. Monitoring, Reporting and Oversight:

*Consumer **complaint data should be tracked, analyzed, and reported** to communicate potential areas of concern to business lines and management. Financial institutions should develop a way to track important information that will enable analysis and identification of trends and high-risk issues.* [Consumer Compliance Outlook – 2nd Quarter 2012]:

### 1. Centralized Ongoing (Day-to-Day) Monitoring and Oversight:

Common examples include:

#### a. Centralized Individual:

Complaints are monitored by a single individual (for illustrative purposes):

- i. Compliance Officer
- ii. Complaint Officer
- iii. Others?

#### b. Centralized Committee:

Complaints are monitored by a representative committee including but not limited to:

- i. Compliance
- ii. Operations
- iii. Lending
- iv. Retail
- v. Others?

#### c. Monitoring/Tracking Formats:

- i. Where are they coming from? Where aren't they coming from?
- ii. Manual Spreadsheets/Databases
- iii. Complaint Management Software
- iv. "Mining" for Complaints



## Complaints

### 2. Reporting & Oversight:

a. Board and Senior Management

b. Business Lines

c. Third Parties

*Banks that contract with third parties to interact with their customers should consider requiring those parties to have similar tracking mechanisms, with routine reporting to the bank. [Banking in the 9th – 4/18]*

### 3. Testing/Independent Audit

### F. Training:

1. It's All About Maintaining Awareness

2. Regular Ongoing Employee Training

3. Management and Board of Directors

4. New Employees

5. Remedial Training

## Complaints

### VIII. The Unfair or Deceptive Acts or Practices Act (UDAP) Connection:

#### A. Interagency Statement:

*The Board of Governors of the Federal Reserve System and the Federal Deposit Insurance Corporation (the "Board" and the "FDIC," or collectively, the "Agencies") are issuing this statement to outline the standards that will be considered by the Agencies as they carry out their responsibility to enforce the prohibitions against unfair or deceptive trade practices found in section 5 of the Federal Trade Commission Act ("FTC Act") as they apply to acts and practices of state-chartered banks. The Agencies will apply these standards when weighing the need to take supervisory and enforcement actions and when seeking to ensure that unfair or deceptive practices do not recur.*

*Section 5(a) of the FTC Act prohibits "unfair or deceptive acts or practices in or affecting commerce," and applies to all persons engaged in commerce, including banks. The Agencies each have affirmed their authority under section 8 of the Federal Deposit Insurance Act to take appropriate action when unfair or deceptive acts or practices are discovered. [FDIC FIL 26-2004]*

#### B. Federal Trade Commission and Other Agencies:

*A number of agencies have authority to combat unfair or deceptive acts or practices. For example, the FTC has broad authority to enforce the requirements of section 5 of the FTC Act against many non-bank entities. In addition, state authorities have primary responsibility for enforcing state statutes against unfair or deceptive acts or practices. The Agencies intend to work with these other regulators as appropriate in investigating and responding to allegations of unfair or deceptive acts or practices that involve state banks and other entities supervised by the Agencies. [FDIC FIL 26-2004]*

## **Complaints**

### **IX. Complaint Hot Spots:**

A. Discrimination

B. Overdrafts

C. Mortgage Servicing

D. EFT Error Resolution

E. Rewards Programs

F. Credit Cards

G. Prepaid Cards

H. Third Parties

## **Complaints**

I. Servicemembers

J. Language (Other than English)

K. Social Media:

1. Your Site

2. Third Party Site

# Complaints

## X. Complaint Program Red Flags:

### A. Program/Integration:

The lack of a complaint program or complaint integration within the financial institution's compliance program.

### B. Culture:

The compliance culture at your financial institution will likely say a lot about how the institution handles complaints.

### C. Complaint Definition [Outlook Live – 8/18]:

1. Too Narrow
2. Too Broad

### D. Limited Use of Complaint Data

*Some financial institutions use complaint data in a limited way by monitoring and reporting only total volumes...* [Consumer Compliance Outlook – 2<sup>nd</sup> Quarter 2012]:

### E. Decentralized:

*Overly decentralized complaint intake and management...* [Outlook Live – 8/18]

### F. Point of Contact:

Complaints addressed by employees at the point of customer contact are often missed and fail to get documented.

# Complaints

G. “Sandwich Complaints”:

I’m happy with \_\_\_\_\_ product... I’m not happy about your \_\_\_\_\_ fee... and by the way I do really like \_\_\_\_\_.

H. Customer Service:

*Minimizing customer service issues...* [Outlook Live – 8/18]

I. Underreporting/Discouragement:

*Policies/practices that facilitate underreporting or discouraging complaints...* [Outlook Live – 8/18]

J. Response [Outlook Live – 8/18]:

1. Improper Escalation or Multiple Referrals:

*Issues improperly escalated or referred multiple times...*

2. Closed:

*Complaints closed without thoroughly understanding customer concerns...*

3. Preferential Treatment:

*Customer promptness expectations based on complaint channel...* For example, are in-person complaints treated differently than those made by, phone, letter, email, etc.? Should it matter?

## Complaints

K. Root Cause:

*Stopping before you understand root causes...* [Outlook Live – 8/18]

L. Categories:

*Applying complaint categories that do not adequately consider actual or potential violations of law and consumer harm...* [Outlook Live – 8/18]

M. Near Misses:

*Ignoring “near misses”...* [Outlook Live – 8/18]

## Complaints

### XI. Complaint Examples:

#### A. Board Oversight – Omitted Information:

*The following example illustrates how omitting consumer complaint data can adversely affect the board's ability to provide adequate oversight of the compliance management program.*

*The financial institution's analysis of its consumer complaint data revealed that consumers had complaints about a product involving potentially unfair or deceptive acts or practices (UDAP); however, the institution continued to offer the product despite the complaints. When providing its compliance report to the board, the financial institution did not discuss the UDAP issue identified from the complaint analysis. During the next consumer compliance examination, examiners cited the UDAP issue. Ultimately, the financial institution was required to stop offering the product, and its compliance rating was downgraded. In addition, the financial institution was required to strengthen the board's oversight of the compliance management program.*

*In this scenario, the financial institution was analyzing its complaint data and identified the potential UDAP concern. However, the UDAP issue was not included as a significant compliance issue in the report to the board, and the institution failed to take appropriate action once the UDAP issue was identified. The institution's failure to recognize the importance of the issue resulted in a lower compliance rating, the inability to offer the product, and a directive from examiners to improve board oversight.*

[Consumer Compliance Outlook – 2<sup>nd</sup> Quarter 2012]:

#### B. Internal Control (Procedures and Process) Validation:

*The following example shows how a financial institution can use consumer complaints to validate the effectiveness of its compliance controls.*

*A financial institution received consumer complaints about branch employees' asking for the signature of an applicant's spouse when the applicant requested individual credit and individually met the creditworthiness standards. Through its research and analysis of the consumer complaints, the financial institution determined that the procedures and training materials used by its branches did not include the spousal signature requirements under Regulation B. To remedy the situation, the financial institution revised the branch procedures and training materials and provided targeted training on the spousal signature requirements to its branch employees. For its next examination involving Regulation B, it will be important for the financial institution to demonstrate to examiners how it used the consumer complaint data to identify and correct the weakness in controls in its compliance management program.*

*In this scenario, the financial institution effectively analyzed its complaint data and took action to correct the issues. The financial institution determined the root cause of the complaints and remedied the ineffective control. While the financial institution violated Regulation B, the institution self-identified the violation through complaint analysis and was able to strengthen its compliance controls.*

[Consumer Compliance Outlook – 2<sup>nd</sup> Quarter 2012]:



## Complaints

### C. Monitoring Validation:

*The following example illustrates how a financial institution can use consumer complaints to validate the effectiveness of its compliance monitoring and testing efforts.*

*Through its analysis of consumer complaints, a financial institution learned that consumers complained about not receiving an adverse action notice. The financial institution, which had used a third-party provider, found that the adverse action notices had not been mailed. The financial institution also realized that it lacked a control to monitor the mailing of adverse action notices by the third-party provider. To correct the control weakness, the financial institution implemented a reconciliation report to compare the volume of adverse action notices that should be mailed versus the actual notices mailed by the third-party provider. In its next examination involving Regulation B, the financial institution should explain how it used its consumer complaint data to identify the violation and missing control and how the regulatory requirement will be monitored going forward.*

*In this scenario, the financial institution effectively analyzed its complaints, from which it learned that customers were not receiving adverse action notices. The financial institution also realized that it did not have a control in place to ensure that its third-party provider was meeting the mandated timeliness requirement. Prompt action was taken to remedy the deficiency in controls. In addition, the financial institution can demonstrate that the violation was self-identified and how it will monitor compliance with its third-party provider.*

[Consumer Compliance Outlook – 2<sup>nd</sup> Quarter 2012]:

### D. Congress:

*In addition, some consumers will seek assistance from members of Congress when attempts to resolve complaints with financial institutions are unsuccessful. Consumer complaints filed with Congress are carefully reviewed and referred to the appropriate banking regulators for investigation. Financial institutions should be aware that a consumer complaint filed with Congress can quickly evolve into a broader inquiry of consumer protection practices.*

*For example, consumers often complained about various credit card practices such as payment allocation, the number of fees assessed, and arbitrary increases in the annual percentage rate. In response, Congress passed the Credit Card Accountability Responsibility and Disclosure Act of 2009, which implemented the most sweeping changes to the credit card industry in over 40 years.*

*Another example that demonstrates the impact of consumer complaints involves a \$5 monthly fee proposed by a large financial institution in late 2011 for customers using its debit card. A consumer who was upset with the fee organized an online petition to eliminate the fee. Over 300,000 people signed the petition, and Congress quickly responded. A member of Congress asked the U.S. attorney general to investigate whether banks have illegally conspired to raise fees charged to consumers for banking services. The financial institution ultimately decided to listen to the consumer complaints and cancelled the proposed fee. Regardless of the legality of charging the fee, one consumer complaint had significant influence and impact.*

*Regular analysis of consumer complaints can help a financial institution understand potential areas of scrutiny by banking regulators and Congress. If consumer complaints go unaddressed by financial institutions, the issues raised in the complaints may result in new laws, regulations, or guidance.*

[Consumer Compliance Outlook – 2<sup>nd</sup> Quarter 2012]:

# Complaints

## XII. Resources:

- A. Complaints as a Supervisory and Risk Management Tool – Outlook Live 8/18  
<https://consumercomplianceoutlook.org/outlook-live/2018/complaints-as-a-supervisory-and-risk-management-tool/>
- B. Establishing Effective Consumer Complaint Management Processes – Banking In The 9<sup>th</sup> 4/18  
<https://www.minneapolisfed.org/publications/banking-in-the-ninth/establishing-effective-consumer-complaint-management-processes>
- C. CFPB Supervisory Highlights – Summer 2013  
[https://files.consumerfinance.gov/f/201308\\_cfpb\\_supervisory-highlights\\_august.pdf](https://files.consumerfinance.gov/f/201308_cfpb_supervisory-highlights_august.pdf)
- D. Consumer Compliance Outlook – 2nd Quarter 2012  
<https://consumercomplianceoutlook.org/2012/>
- E. Banker’s Compliance Consulting Sample Policy and Procedures  
<https://store.bankerscompliance.com/#/product/a2c80dbb-c02d-4051-80a4-4b73d8f62411?searchFilter.keyword=>

## **Complaints**

### **Complaint Policy**

Be it resolved that it is the policy of [INSERT BANK NAME] to respond promptly and accurately, and, when applicable, within regulatory requirements, to any complaint regarding the bank's products, services, policies, procedures, processes, employees, or the manner in which the bank treated the customer, provided the person making the complaint identifies himself/herself.

For the purposes of this Policy, a customer is a person (individual, corporation, partnership, trust, estate, or any other entity recognized as a legal person) who is conducting business with the bank. The customer may not necessarily have an ongoing relationship with the bank.

Complaints may be indicative of a compliance weakness in a particular function or department. The [Compliance Officer] should be aware of the complaints received and act to ensure a timely resolution. The root cause of the complaint shall be determined, and action taken to improve the institution's business practices, as appropriate.

Complaints can also be an opportunity to improve products and services, enhance relationships, minimize potential regulatory impact, and evaluate audit and monitoring processes.

Complaints should be viewed as an expression of legitimate concern regarding the way [BANK] provides banking services. In many cases, escalation of complaints can be mitigated by promptly responding with accurate and thorough information at the time of initial communication. Verbal complaints, properly handled, may prevent a customer from providing a *written* complaint either through the bank, social media sites or regulatory agencies.

It shall be the policy of [BANK] to handle all complaints with care and to resolve these matters promptly in accordance with the bank's Complaint Procedures. All complaints will be given courteous and fair attention.

Regulatory agencies consider complaint data to be a critical component of its risk-focused supervisory program and use it as a risk factor to assess a financial institution's compliance with consumer regulations and to gauge the adequacy of an institution's Compliance Management System (CMS).

It is the responsibility of the [Compliance Officer] to maintain and update this Policy.

This policy was approved by the Board of Directors of [BANK] on [INSERT DATE].

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Secretary

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Board Chairman

# **Complaints**

## **Complaint Procedures**

Notification of complaints, issues, inquiries and disputes may be received through a range of online or offline channels (i.e. telephone, in person, social media sites, email, regulatory agency, and direct written communications).

All complaints received by the bank shall be forwarded to the [Compliance Officer]. The [Compliance Officer] will notify the appropriate Manager of the impacted Business Unit and together they will determine if further escalation of the complaint is warranted.

Written complaints will be acknowledged in writing within [ten] [business/calendar] days. A Complaint Form (Appendix A) will be completed and an investigation will be conducted promptly. A written response shall be provided to the customer generally within [fifteen] [business/calendar] days. If the complaint involves an employee(s) of the bank, the employee(s) shall not be the primary person(s) responsible for the investigation and response to the complaint.

A verbal complaint may be responded to verbally; however, the complaint and resolution shall be documented in writing (Appendix A).

### **I. Types of Complaints:**

#### **A. Agencies - Regulatory and Legal**

A customer may register a complaint about [BANK] to a variety of regulatory/legal agencies. These agencies in turn will submit the letter to [BANK] for response. Such complaints will be handled by the [Compliance Officer]. If the customer has involved an attorney, employees may NOT discuss the situation directly with that attorney. All communications with attorneys must be handled by [BANK's] legal counsel. Legal and regulatory complaints are those in which:

- A customer has filed a complaint through a federal or state regulatory agency (i.e. CFPB, FDIC, FTC, Attorney General, Law Enforcement, Better Business Bureau, etc.);
- A customer has retained or is threatening to retain an attorney in connection with a complaint against or dispute with the bank;
- A customer has raised questions or concerns that [BANK's] products, services or practices may violate applicable laws, rules, or regulations imposed by any governmental agency or authority;
- A customer has indicated they have been discriminated against.

#### **B. Fair Lending and Community Reinvestment Act (CRA)**

Fair Lending complaints will be forwarded to the [Compliance Officer]. If the nature of the complaint has a bearing upon [BANK's] CRA activities, a copy of the complaint and the bank's response shall be forwarded to the CRA Officer to be placed in the bank's CRA public file.

#### **C. Fraud and Identity Theft**

If a customer claims they are a victim of possible fraud, identity theft, breach of information, financial loss, missing funds, criminal activity, or illegal activity by a [BANK] employee, the [Security Officer, Information Security Officer, and/or Bank Secrecy Act Officer] shall be contacted.

# Complaints

## II. Error Resolution

These procedures are not intended to cover consumer notifications in regard to error resolution claims under the Electronic Fund Transfer Act (EFTA) Regulation E; expedited recredit under the Check Clearing for the 21st Century Act (Check 21); qualified written requests that assert an error, mortgage servicing errors, and requests for information under the Real Estate Settlement Procedures Act (RESPA) Regulation X; billing error resolution under the Truth in Lending Act (TILA) Regulation Z; and disputes under the Fair Credit Reporting Act (FCRA) Regulation V. These areas have regulatory requirements regarding timing, investigation, response and record retention. Such communication is covered by other bank policies and/or procedures. Business Units should follow their departmental procedures for assessing and responding to complaints within these categories.

## III. Third Parties

Contracts with third parties that are providing services on behalf of [BANK] should provide for how complaints are referred and handled. Complaints to and/or about third parties shall be monitored by the [Compliance Officer].

## IV. Reporting

At least annually, the [Compliance Officer] will analyze complaint data and provide a report of Complaint Trends to the [Risk Management Committee and/or Board of Directors]. This Report will be used as a tool to assess the need for additional training, possible form or document revision, amendments to audit scope, and/or the need for new or revised procedures. The [Compliance Officer] will report the effectiveness of the Complaint Policy to the [Risk Management Committee and/or Board of Directors] within the annual report.

## V. Training

Any potential areas of concern identified during the complaint process and/or analysis of complaint data will be communicated to Management and the Business Units, as appropriate. [Annual] training on [BANK's] policies and procedures will be provided for appropriate staff by the [Compliance Officer]. Evidence of any training will be documented and retained for a period of [five] years.

## VI. Record Retention

A record [log] of all customer complaints, record retention of such complaints, any supporting documentation, and responses shall be retained by the [Compliance Officer / Business Unit] [for a period of (five) years / from Examination date to Examination date].

**Complaints**  
Appendix A  
**Complaint Form**

Date received and how (written, verbal, email, etc.):

Received by:

Customer Name (include any account numbers affected):

Employee/Business Unit handling complaint:

Description of complaint:

Actions Taken/Resolution of complaint:

Root cause of complaint:

Description of records retained:

Date resolved:

Resolution communicated to customer by: ☐ Letter ☐ Verbal ☐ Email

\*\*\*All complaint forms must be submitted to the compliance officer/compliance department.\*\*\*



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### **WEBINAR QUESTIONS & ANSWERS**

#### **All About Complaints & Complaint Programs**

**April 10, 2019**

**Question 1.** Given all the different potential avenues of communication, what if we receive a complaint but don't know who it came from?

**Answer:** While you may not be able to communicate directly back to the individual who submitted it, don't disregard it. The complaint should still be logged, escalated (as appropriate), and the issue examined.

**Question 2.** Are there cases when a bank should report a complaint to its regulatory agency?

**Answer:** There likely are, but there are no regulatory requirements to do so. So, whether something should be reported is subject to your discretion.

**Question 3.** When responding to a complaint, what, if any, concerns are there with saying we were wrong?

**Answer:** We're all wrong at one point or another. Remember, complaints and your responses to them can be opportunities to turn negative experiences into positive ones. Most people who submit a complaint will feel like their concerns have been validated if you explain how you will or have addressed any issue(s).

How you want to respond, however, also depends on the subject of the complaint. If the complaint has to do with fair lending or other potential legal implications or you're unsure, you should seek legal advice.

**Question 4.** How about unauthorized transactions, do we treat these as complaints?

**Answer:** These could be just unauthorized transactions covered by Regulation Z (credit cards) or Regulation E (ACH, debit/ATM cards, etc.). Work them according to the regulation and you are good to go. However, a complaint may also be part of the dispute or may arise as a result of the dispute and/or processing of the dispute.