

September 22, 2014

Submitted via www.regulations.gov

Ms. Monica Jackson
Office of the Executive Secretary
Consumer Financial Protection Bureau
1700 G Street, NW
Washington, DC 20006

RE: Docket No. CFPB-2014-0016,
Disclosure of Consumer Complaint Narrative Data

Dear Ms. Jackson:

Encore Capital Group (along with its subsidiaries, collectively referred to as “Encore”) appreciates the opportunity to submit this comment letter on the Consumer Financial Protection Bureau’s (“the Bureau”) proposal to publish consumer complaint narratives. We commend the Bureau’s efforts to continue to provide consumers with information about financial products and services, and to strive to be a data-driven agency that provides meaningful information to help consumers make smart financial choices. However, we believe that the Bureau’s proposal to publish consumer narratives misses the mark. Publishing narratives would create a highly anecdotal database that fosters misinformation, false perspectives and information overload for consumers.

Encore is a publicly traded company that has been in business since 1953. We purchase charged-off credit card and other types of receivables, and we own an account with 1 out of every 7 American consumers. We have assisted over 2.5 million consumers resolve their outstanding obligations, and in 2013 we forgave \$377 million in debt nationwide. We have 3,800 employees committed to operating in an ethical manner, and through our consumer-centric approach we strive to develop positive, long-term relationships with our consumers.

At Encore, we take each consumer complaint very seriously and, as evidence of this commitment, we have a robust consumer complaint investigation and resolution process. Still, we are proud to note that the number of complaints we receive represents complaints from less than one-tenth of 1% of our consumers, and is only a small fraction of the number of positive “consumer appreciation” comments we receive from consumers. In fact, we receive 10 positive consumer acknowledgements for each complaint we receive.

Part of what has made Encore a leader in a difficult industry is our analytic rigor and data-focused approach in studying accounts we purchase and understanding our consumers. We commend the Bureau for its own analytic focus and data-driven approach to public policy, and know from experience that it will be the most successful strategy. While subjective consumer

narratives can provide anecdotal insight, without looking at overarching trends often they can result in ineffective action for single cases. We respectfully request that the Bureau maintains its commitment to a data-focused approach by not publishing unverified, subjective consumer narratives.

Posting Anecdotal Consumer Narratives
Moves Away from the CFPB's Mission to be a Data-Driven Agency

The Bureau prides itself on being a 21st Century, data-driven agency. We believe that allowing consumers to opt-in to providing complaint narratives, while well-intended, would run far off course from the Bureau's goal of being data-driven, objective and fair. Instead, posting unverified narratives takes a sharp turn toward the anecdotal. As described in more detail below, this may harm both consumers and financial institutions, as false, unverified perspectives may provide a factually inaccurate picture of a financial institution and how it works with consumers.

To provide more robust data than what is currently found in the consumer complaint database, we would support adding meaningful information that is objective and statistically sound. We believe the most helpful and fair information would be to add a field showing the percentage of the financial institution's contacts that resulted in complaints with the Bureau. This would provide important perspective around the sheer volume of complaints in the context of the company's size. We also would support adding the Better Business Bureau's rating for each financial institution, to provide consumers with additional third-party criteria with which to evaluate each company.

Posting Thousands of Consumer Narratives Will Serve to Confuse Consumers

The Bureau has rightfully expressed concern about creating confusion and "information overload" to consumers in other rulemaking contexts, such as the rulemaking concerning Gramm-Leach-Bliley Act annual privacy notices. Opening up the already complex consumer complaint database to voluminous consumer narratives will only serve to provide another layer of information that may, in many cases, create a false, unverified perspective for consumers.

The narratives posted would not be representative of the entire population of complainants because consumers who post complaints would "opt in" to having their narratives published. Certain consumers – perhaps those who are extremely upset – would likely opt in more frequently than consumers with grievances of a more routine nature. As a result, the narratives may not fully represent the views of a full spectrum of complainants. The narratives may also contain faulty and inaccurate information as a result, for example, of a complainant's misunderstanding or inaccurate recollection of what happened.

Along with concerns that a portion of the consumer narratives would be duplicative and inaccurate, another concern is the information overload to consumers that would necessarily accompany access to thousands of narratives. The result would be further strain on most

consumers' comprehension and decision-making. A voluminous amount of anecdotal narratives would do little to help consumers make more educated, data-driven choices. Further, one of the Bureau's stated purposes for posting narratives is to help consumers shop around for different service providers. This purpose is inapplicable, however, in the debt collection context, as consumers do not typically choose the collector they work with.

Unverified Complaint Narratives Create Significant Risks for Financial Companies

Posting potentially inaccurate and misleading narratives also poses a critical concern that the reputations of financial institutions may be unjustifiably tarnished. Business partners, for example, may not want to work with companies for which a critical narrative has been posted, even though that narrative may be overstated, misleading or false. Further, while companies' responses could likewise be publicly posted, their responses would likely be significantly less robust than if they were to be kept confidential. Companies would be cautious in responding so as to not disclose confidential or proprietary information about their internal investigation processes, findings or details of the consumer's account.

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Encore believes that any potential benefits of posting consumer complaint narratives are far outweighed by the potential to harm both consumers and financial institutions. We appreciate the substantial effort and thought the Bureau is investing in preparing potential rules, and we welcome the opportunity to provide further input or answer questions that may arise regarding Encore's comments. Please reach out directly to me at (858) 309-9757 or Sheryl.Wright@EncoreCapital.com for further communications regarding these comments.

Sincerely,

Sheryl Wright

Sheryl Wright
Senior Vice President,
Corporate & Government Affairs