

What We Know

ARTICLES & INSIGHTS

ABOUT THE AUTHOR

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and compliance group. In her practice, she defends consumer financial service providers and members of the collection industry in state and federal court, as well as in regulatory matters involving a variety of consumer protection laws. Caren also advises a broad range of law firms, and collection agencies regarding an array of consumer finance issues. An active writer and speaker, Caren currently serves as chair of the Debt Collection Practices and Bankruptcy subcommittee for the American Bar Association's Consumer Financial Services Committee. She is also a member of the Defense Bar for the National Creditors Bar Association, the North Carolina State Chair for ACA International's Member Attorney Program and a member of the Bank Counsel Committee of the North Carolina Bankers Association. Most recently, she was elected to the Governing Committee for the Conference on Consumer Finance Law. In 2018, Caren was named one of the "20 Most Powerful Women in Collections" by *Collection Advisor*, a national trade publication. Caren oversees a blog titled: [Consumer Financial Services Litigation and Compliance](#) dedicated to consumer

Deposit Accounts Remain in the CFPB Crosshairs

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The CFPB issued its monthly report on consumer complaints this week making it clear that consumers' access to depository accounts remains a focal point for the CFPB. The monthly report is a high level snapshot of trends in consumer complaints and spotlights a different product type each month on a rotating basis. The Report provides a summary of the volume of complaints by product category, by company, and by state.

This month's report highlights "bank account and service" complaints and echoes a recurring concern for the CFPB: that it believes banks are underserving a portion of the banking population: those rejected from the banking system due to poor depository account history. We have previously published articles concerning the CFPB's focus on deposit accounts and credit reporting and this month's complaint report confirms the CFPB's ongoing concerns. In its press release, CFPB Director Richard Cordray is quoted as saying: "Deposit accounts are an essential component of millions of consumers' financial lives...We are concerned that consumers continue to face difficulties accessing and managing this cornerstone financial tool. Consumers who are eligible for a deposit account should be able to get one and use it effectively."

HERE ARE THE HIGHLIGHTS OF THIS MONTH'S REPORT:

COMPLAINT VOLUME BY PRODUCT

- The four products which yield the highest volume of complaints on a three-month average remain debt collection, credit reporting, mortgage and bank account or service
- A trend worth noting is that the number of debt collection and mortgage complaints showed a significant decrease in volume over the same three-month period in 2015
- For the three-month period, student loans and bank account or service indicated the highest increase in change – 64% (student loan) and 26% (bank account or service) when compared to 2015
- On a monthly basis, debt collection and mortgage complaints were both down in July compared to June.

HIGHLIGHTED PRODUCT: BANK ACCOUNT OR SERVICE

financial services and has been published in a number of publications including the Journal of Taxation and Regulation of Financial Institutions, California State Bar Business Law News, Banking and Financial Services Policy Report and Carolina Banker.

- The CFPB notes that the overwhelming majority of complaints regarding bank accounts or service revolve around checking accounts (64% of all bank account or service complaints)
- The CFPB report indicates that complaints “about the use of consumer and credit reporting data for account screening are increasingly common”
- The CFPB report also emphasizes that complaints related to overdrafts, particularly as to transaction ordering, are also common;
- Consumers also complain regularly about the disparity between the size of overdraft fees when compared to the relatively small purchase that triggers the fee
- Consumers remain frustrated concerning bank holding policies as they pertain to deposits and the delay in crediting funds
- The report also notes complaints about error resolution procedures for their deposit accounts
- As expected, the national banks are the targets of the majority of complaints, but several regional banks also appear on the “most complained about companies” list.

As the CFPB continues to focus on consumer access to depository accounts and overdrafts, banks and credit unions of all sizes should expect their compliance management systems regarding the same to face further scrutiny by regulators and should expect to see additional guidance issued by regulators regarding the use of overdraft fees.

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