



Comptroller of the Currency
Administrator of National Banks

US Department of the Treasury

Report From the Office of the Ombudsman

2007–2011 HIGHLIGHTS



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2007–2011 Highlights

Message From the Office of the Ombudsman

During prosperity and recession, the Office of the Comptroller of the Currency (OCC) is responsible for ensuring the safety and soundness of nationally chartered banks and federal savings associations (collectively, banks). The Office of the Ombudsman helps the OCC fulfill this mission by ensuring that bank customers and the more than 2,000 financial institutions the agency supervises receive fair and expeditious resolution of their concerns. The Office of the Ombudsman provides customer service and resolves customer and bank supervisory disputes through two distinct units: the Customer Assistance Group and the Bank Appeals Program.

Since its creation in 1993, the Office of the Ombudsman has served as an independent arbiter for the OCC's constituents by operating apart from the OCC bank supervision function and reporting directly to the Comptroller of the Currency. This separation enables the Ombudsman to respond independently and fairly to the questions and complaints consumers have about their banks and to provide bankers a way to challenge agency decisions without fear of retribution or reprisal.

In fiscal year 2011, the U.S. financial system continued its recovery from the economic crisis of 2007 to 2009 while undergoing some of the most sweeping regulatory changes since the Great Depression. The Dodd–Frank Wall Street Reform and Consumer Protection Act of 2010, signed by President Obama in July that year, and other domestic and international reforms enacted in the wake of the crisis reshaped the federal regulatory landscape.

The reforms expanded the OCC's responsibilities by transferring the supervision of federal savings associations to the OCC from the Office of Thrift Supervision (OTS). In addition, the reforms created the Consumer Financial Protection Bureau (CFPB) to enhance consumer protection related to consumer financial products and services.

Going forward, the CFPB is responsible for processing all consumer complaints under its jurisdiction. This includes a substantial portion of the complaint volume previously handled by the OCC's Customer Assistance Group. While our Customer Assistance Group continues to process and resolve customer complaints involving banks that the OCC supervises, we expect our complaint volume to decline significantly.

This report highlights the following activities of the Ombudsman's office from fiscal 2007 through 2011:

- **Customer Assistance Group:** Operational efficiency developments were made in response to record complaint volumes during this period. These changes included development of an online complaint form and CAGNet, a secure Web-based application that allows the OCC and banks to communicate directly in the processing of consumer complaints.
- **Consumer complaint appeal process:** Appeals of consumer complaints have been more formally structured and realigned with the bank appeals process. The OCC's two-tier realignment ensures that the same principles of a fair and expeditious review are applied to banks and bank customers.
- **Bank Appeals Program:** In 2008, the Bank Appeals Program relocated from Houston, Texas, to the OCC's Washington, D.C., headquarters to improve efficiencies. Appeals continue to be reviewed by seasoned bank examiners who are independent of bank supervision. Four to five appeals were filed each year from 2007 to 2009. In 2010 and 2011, our office received 11 and 8 bank appeals, respectively.
- **Enterprise Governance Office:** In 2009, the Ombudsman's office assumed responsibility for the agency's Enterprise Governance Office. Enterprise Governance assists the Comptroller and the OCC's Executive Committee in measuring and monitoring adherence to strategic goals and compliance with governance laws, regulations, and standards.

Through these activities, the Office of the Ombudsman continues to ensure that bank customers and banks receive fair and expeditious resolutions of their concerns.

Larry Hattix
OCC Ombudsman

Customer Assistance Group

The OCC's Customer Assistance Group helps bank customers with complaints and concerns related to applicable banking laws and regulations. In addition to providing informal consumer education on a variety of banking topics, the Customer Assistance Group facilitates communication between banks and their customers regarding individual disputes formally filed with the OCC.

Telephone Inquiries

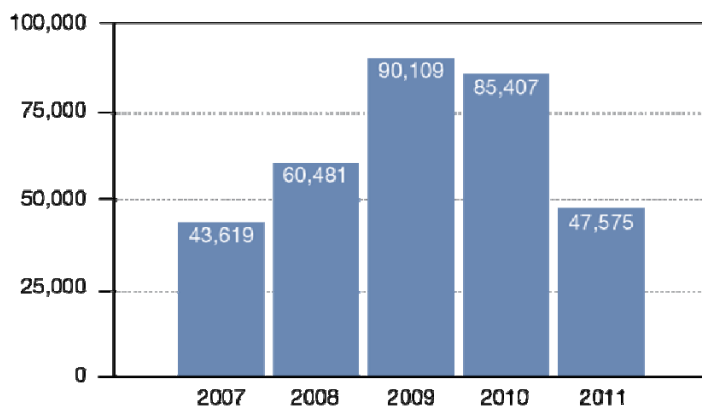
The Customer Assistance Group answers telephone inquiries and fields written complaints from consumers who have turned to the OCC for help in the years leading up to 2011. From 2009 to 2011, decreases in telephone inquiries were partly offset by increases in written complaint volume.

Figure 1 shows that telephone inquiries increased steadily from 2007 to 2009, when telephone inquiries peaked at 90,109. During 2010 and 2011, telephone inquiries decreased but remained high at 85,407 and 47,575, respectively.

Consumers may continue to contact the Customer Assistance Group by calling our toll-free number, (800) 613-6743, which is open weekdays from 7 a.m. to 7 p.m. Central Time. Assistance is available in English and Spanish. If a consumer has a question about an institution not regulated by the OCC, the call is referred to the appropriate federal or state regulatory agency.

Calls to our toll-free number are handled by our call center, where customer service representatives create records of the callers' complaints and questions in our customer assistance database. Our representatives also help consumers find answers online using the Frequently Asked Questions section available on HelpWithMyBank.gov. Consumers can also use our Web site to file complaints online.

Figure 1: Consumer Telephone Inquiries, 2007–2011



Source: Office of the Ombudsman

Written Complaints

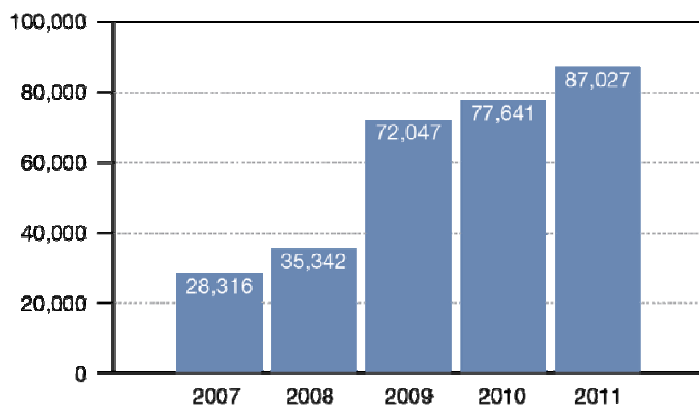
Consumer complaints can serve as an early warning system for problems within the banking industry. Rising complaint volume could indicate increased strategic, reputation, compliance, or transaction risks. In response to consumer complaints, the OCC has issued regulatory guidance on gift cards, overdraft protection, credit card fees and promotional rates, unfair or deceptive practices, credit card lending account management, and unauthorized transfers.

Three Ways to File Complaints

- **Online**
HelpWithMyBank.gov
- **Fax**
(713) 336-4301
- **Mail**
Customer Assistance Group
1301 McKinney Street,
#3450
Houston, TX 77010

Figure 2 shows that the number of written consumer complaints doubled from 2008 to 2009 to a record 72,047 in that year. Record-high complaint volume was reported again in 2010 and 2011 as volume increased to 77,641 and 87,027, respectively. Overall, consumer complaints more than tripled from 28,316 in 2007 to 87,027 in 2011.

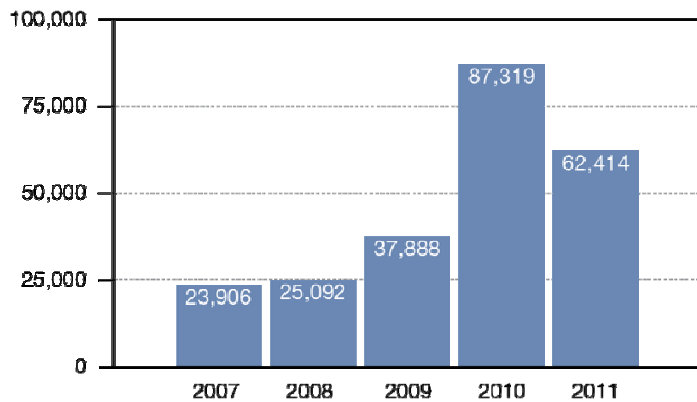
Figure 2: Consumer Written Complaints, 2007–2011



Source: Office of the Ombudsman

The Customer Assistance Group specialists review a consumer's complaint, the bank's responses to the complaint, and any applicable laws and regulations. A case is closed after the Customer Assistance Group makes a decision and explains the decision in writing to the consumer. Figure 3 shows that Customer Assistance Group representatives closed 62,414 written complaints in 2011, a decrease of 28 percent from 2010. Streamlined procedures and careful allocation of personnel helped increase the number of closed cases in the years leading up to 2010 to a record level. The Customer Assistance Group's capacity to close cases in 2011, however, decreased as staff levels were reduced and work was transferred to the CFPB.

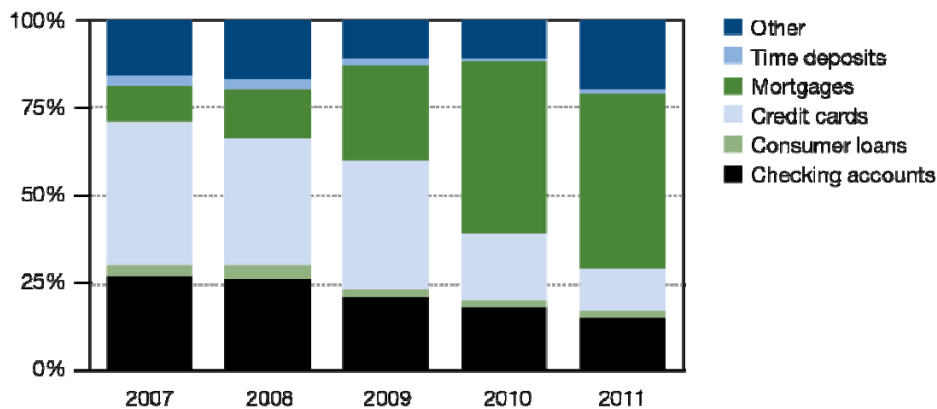
Figure 3: Consumer Complaint Cases Closed, 2007–2011



Source: Office of the Ombudsman

Figure 4 shows that mortgage-related complaints outnumbered all other consumer complaints in 2010 and 2011 and, for the first time ever, outpaced complaints involving credit cards. Before 2010, complaints involving credit cards ranked highest year after year. In 2009, mortgage-related complaints rose to nearly 19,700 and then almost doubled in 2010 to just over 38,000. This category increased again in 2011 to 43,080. Complaints involving credit cards declined from a high of 26,380 in 2009 to 14,715 in 2010, decreasing further to 10,158 in 2011. Complaints regarding checking accounts in 2011 were relatively unchanged from the previous year at 13,451.

Figure 4: Consumer Complaints by Type of Bank Product, 2007–2011



Note: Data for figure 4 is shown in this table.

	2007		2008		2009		2010		2011	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Checking accounts	7,575	27%	9,183	26%	15,057	21%	13,765	18%	13,451	15%
Consumer loans	959	3%	1,239	4%	1,735	2%	1,544	2%	1,445	2%
Credit cards	11,490	41%	12,648	36%	26,380	37%	14,715	19%	10,158	12%
Mortgages	2,919	10%	4,870	14%	19,869	27%	38,034	49%	43,080	50%
Time deposits	908	3%	1,175	3%	1,200	2%	991	1%	1,062	1%
Other	4,465	16%	5,472	17%	8,006	11%	8,592	11%	17,831	20%
Total	28,316	100%	34,587	100%	72,047	100%	77,641	100%	87,027	100%

Transmitting Consumer Complaints

CAGNet: Between the OCC and Banks

As table 1 shows, since 2007, the OCC electronically transferred more than 90 percent of all complaints received annually to banks using CAGNet, a secure Web-based application that allows the OCC and banks to communicate directly and efficiently in the processing of consumer complaints. The percentage of cases transmitted through CAGNet has increased significantly since its implementation and the number of cases far exceeds complaints sent through the U.S. Postal Service and by fax.

Table 1: Consumer Complaints Transferred Between the OCC and Banks, 2007–2011

	2007	2008	2009	2010	2011
Complaints sent via CAGNet	24,904	29,735	72,141	86,977	65,358
Complaints sent via U.S. Postal Service or fax	1,483	1,323	1,796	1,982	2,344
Total complaints sent to banks	26,387	31,058	73,937	88,959	67,702
Percentage of total sent via CAGNet	94%	96%	98%	98%	97%

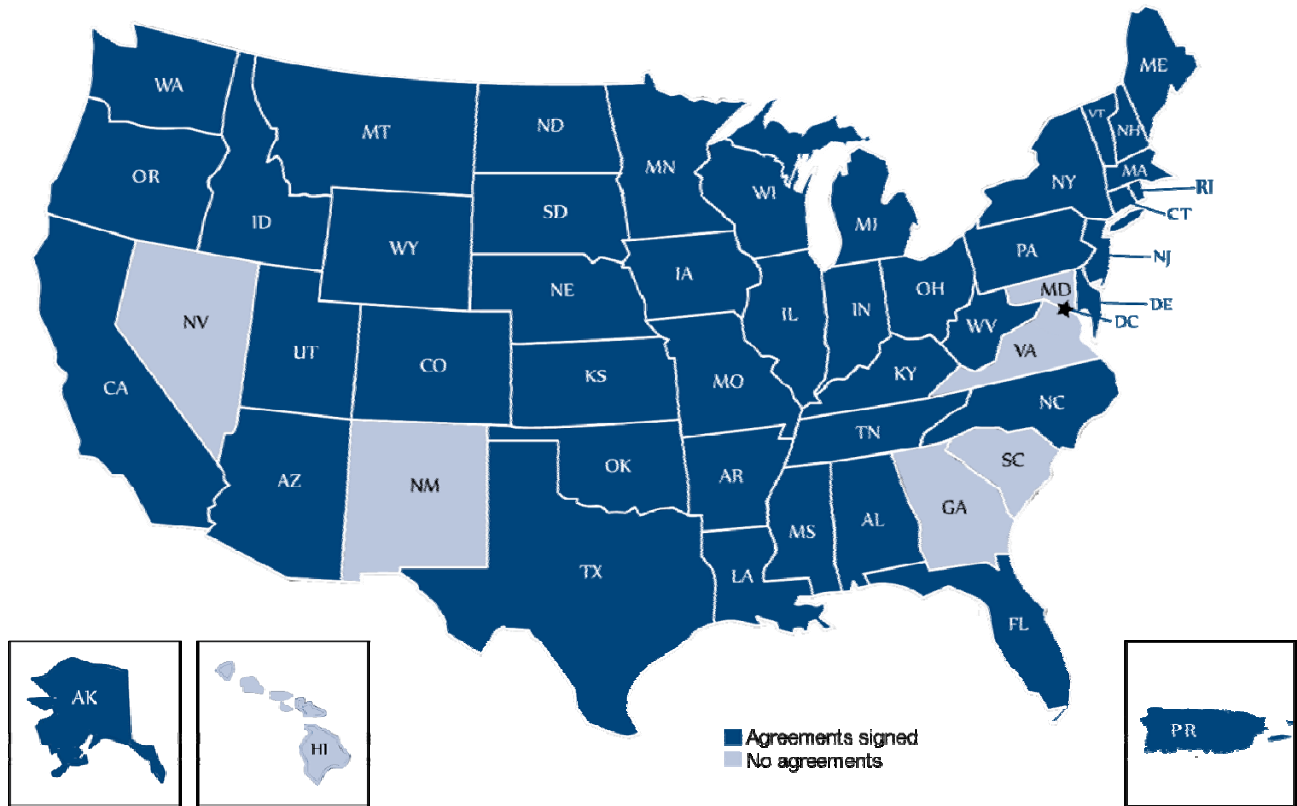
Source: Office of the Ombudsman

Complaint Referral Express: Between the OCC and Other Regulators

In 2009, the OCC created Complaint Referral Express, a secure Web-based system allowing the OCC and other state and federal regulators and offices to exchange consumer complaints about institutions that they do not supervise. For example, the Customer Assistance Group forwards consumer complaints received about banks not regulated by the OCC to the state and federal regulators supervising those banks. In addition, the system allows the OCC to share messages, news, alerts, and quarterly reports with other participating federal and state regulatory agencies and legislative offices. As of 2011, 20 U.S. Senate and House offices had signed on to use the system.

By the end of 2011, the Customer Assistance Group had signed Memorandums of Understanding with 43 state banking agencies and Puerto Rico. The agreements allow for the OCC and state banking officials to share consumer complaints while protecting consumer privacy. Figure 5 shows the states and the one U.S. territory using Complaint Referral Express.

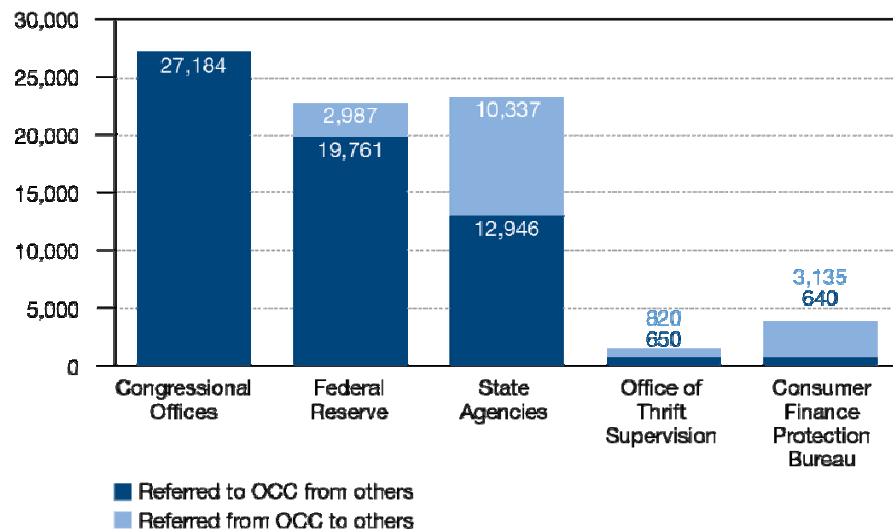
Figure 5: Complaint Referral Express Participation by U.S. States and Puerto Rico, 2010



Source: Office of the Ombudsman

Figure 6 shows that in its first three years of operation, Complaint Referral Express transferred 59,891 consumer complaints to the Customer Assistance Group from other federal and state agencies. Meanwhile, the OCC referred 17,279 complaints to other federal and state agencies.

Figure 6: Consumer Cases Exchanged by Complaint Referral Express, 2009–2011



Source: Office of the Ombudsman

Bank Appeals Process

The Bank Appeals Process provides a venue for national banks and federal savings associations to appeal OCC decisions and actions arising from supervisory activities. As explained in the OCC Bulletin “Bank Appeals Process,”¹ the appeals process ensures that responses to both formal and informal appeals are fair and expeditious.

Banks may submit formal appeals, without fear of reprisal, of certain OCC decisions and actions, such as examination ratings, rulings on the adequacy of loan loss reserves, and loan classifications. Before appeals are filed, the Ombudsman’s office can assist bankers in understanding existing standards and guidance. Bankers are encouraged to hold discussions with their own bank management teams, OCC examiners, and the Ombudsman’s office about policies, decisions, and actions before issues become matters for appeal.

The OCC recently published an updated brochure that explains the bank appeals process and provides useful information for bankers and bank examiners. This document includes a flow chart showing banks how to file formal and informal appeals. Formal appeals must be made in writing and approved by a bank’s board of directors before being submitted to the Ombudsman’s office or the Deputy Comptroller for the OCC supervisory office overseeing the institution. Generally, the

¹ OCC Bulletin 2011-44, “Bank Appeals Process,” November 1, 2011.

OCC determines within five business days whether matters may be appealed, and aims to issue a written ruling within 45 business days of accepting the case for appeal.

Table 2 shows the types of issues that banks have appealed since 2007. Most appeals involved disagreements that banks had with supervisory ratings assigned by OCC examiners under the Uniform Financial Institutions Rating System, which examines six factors referred to as CAMELS. That acronym stands for capital, asset quality, management, earnings, liquidity, and sensitivity to market risk.

Common types of complaints involved law violations and ratings of Shared National Credits—loan commitments or extensions of credit in original amounts of more than \$20 million shared between three or more banks. Other bank appeals cited licensing, accounting, and other issues. An appeal may cite more than one issue.

Table 2: National Bank Appeals by Type of Issues Challenged, 2007–2011

Issue cited in the appeal	2007	2008	2009	2010	2011
CAMELS		2	1	7	2
Shared National Credits			1	3	1
Law violations		1	1	2	4
Licensing	2	1			
Accounting	2	1			
Other			1		4

Note: One appeal may cite multiple issues.

Source: Office of the Ombudsman

Appeals may be decided in favor of the OCC supervisory office or the bank, or they may result in split decisions. In 2011, 75 percent of appeals resulted in decisions upholding the OCC supervisory office and 25 percent resulted in decisions upholding banks. More information about the OCC appeals process is available online.

[Bank Appeals Process](#)

[Bank Appeals Summaries](#)