



**Subject:** PRO 03-21 - CONSUMER COMPLAINTS AND INQUIRIES

My name is Celia Hernandez, and I am the Training and Compliance Officer with Financial Credit Network, a retail & commercial collection agency in Visalia, California. I am writing to submit the comments below regarding the DFPI's Notice of Modification to Proposed Rulemaking under the CCFPL: Consumer Complaints and Inquiries (PRO 03-21).

Financial Credit Network is a small business with 42 employees. Financial Credit Network was founded in 1954 to service the collection needs of clients throughout the State of California. Since its inception, we have grown from a "mom and pop shop" to a nationally recognized agency, serving hundreds of clients throughout the United States. We are known throughout the industry as an agency that works diligently to treat people with dignity and respect.

While I support the DFPI's underlying goal of protecting consumers, I have significant concerns about the burdens the proposal will have on consumers, my company, and the clients we serve.

I respectfully request the DFPI consider my comments below and work toward uniformity with federal law. Establishing duplicative and conflicting federal and state, processes, timelines, disclosures, and documentation requirements will only confuse the consumer and create an impossible compliance situation for California companies.

If the DFPI seeks clarity and consistency with the consumers and the companies it regulates, it should consider a consumer complaint portal similar to the CFPB's portal. Creating this type of complaint portal would create consistency for all consumers. Providing clear and conspicuous explanations for "complaints" and guidance on how to submit "inquiry" with the correct entity. A complaint portal should focus on receiving actual consumer "complaints" as defined by the CFPB and not "inquiries" which would inadvertently catch thousands of trivial interactions.

The proposed requirements in PRO 03-21 will significantly increase operating costs for any small business to implement, including my own small business. Due to the overly broad definition of "complaint" and "inquiry" used by the DFPI, creating a system to log, track, respond to, and report all complaints and inquiries will be very costly. My company would need to re-assign at least one full-time staff member or more just to develop and manage the implementation and ongoing management of the processes and procedures required by the proposal. A large portion of this individual's time would be spent handling negative comments and simple inquiries rather than actual complaints as experienced from the CFPB complaint database.



Section 1071(a) of the proposal defines a “complaint” to include an oral or written expression of dissatisfaction from a consumer regarding a specific issue or problem with a financial product or service (except for the listed exclusions). This overly broad definition will impose impractical obligations on companies like mine. It will be extremely challenging to determine the difference between a complaint, a dispute, and an inquiry.

If during any call a consumer mentions to a collector any form of dissatisfaction or frustration with a financial product or service or even mentions a negative comment about a service provider, that comment would be subject to the proposed regulations. This broad approach is overly burdensome and will do little to help the consumer. Federal FDCPA, California’s Rosenthal Fair Debt Collection Practices Act along, and the Fair Credit Reporting Act all include requirements when reasonable and relevant information is provided. Under this approach, actual complaints would take the same level of resources as a mere comment made by a consumer.

Section 1072(b)(1) requires certain written disclosures to be included in all written communications with consumers in 12-point font. Already required disclosures under Regulation F, California Rosenthal Fair Debt Collection Practices Act, SB 531, AB 424, and AB 1020 will only lengthen an already cumbersome written communication process and increase costs to our company significantly.

Initial first written communication- Consumers are directed on the front half of the letter to submit their dispute. Included image below.

### **How can you dispute the debt?**

- **Call or write to us by July 21, 2022, to dispute all or part of the debt.** If you do not, we will assume that our information is correct.
- **If you write to us by July 21, 2022, we must stop collection on any amount you dispute until we send you information that shows you owe the debt.** You may also include supporting documents. We accept disputes electronically at [complaint@abctestex.com](mailto:complaint@abctestex.com).




This would normally allow the debt collector to provide validation or process the dispute by investigating such information or forwarding such information to the assigned client for an investigation. From experience, consumers submit both “complaints” and “inquires” during this time. Adding the disclosure may divert the consumer to file a “complaint” instead of allowing the agency to assist the consumer. In many cases, the consumer will not read the definition of a complaint or inquiry prior to submitting a “complaint.”

Subsequent written communication after successful communication- Sending the 12-point font disclosure on payment plan reminders, confirmation of payment and paid letters may be confusing for the consumer.

Section 1072(c)(3) would increase cost for small business requiring an employee to be reassigned to manage the designated telephone number for complaints. Many if not all agencies cross train all their employees to manage all “complaint’s”, disputes, and inquiries. The mandate for a dedicated line would only force consumers to wait times and the possibility to not reach the consumer in the event of a returned call.

I would like to thank the DFPI for the opportunity to provide these comments in response to the Notice regarding PRO 03-21. In addition to my brief comments above, I encourage the DFPI to strongly consider the comments submitted by my state trade association, the California Association of Collectors.

Respectfully Submitted,

  
Training and Compliance Officer  
Financial Credit Network, Inc

