



Comptroller of the Currency  
Administrator of National Banks

US Department of the Treasury

# Report From the Office of the Ombudsman

## 2006–2010 HIGHLIGHTS



JUNE 2011

# **Report From the Office of the Ombudsman**

## **2006–2010 Highlights**

### **Message From the Office of the Ombudsman**

During times of economic prosperity and recession, the Office of the Comptroller of the Currency (OCC) is responsible for ensuring the safety and soundness of nationally chartered banks. The Office of the Ombudsman helps the OCC fulfill this mission by ensuring that bank customers, as well as the nearly 1,500 national banks that the agency supervises, receive fair and expeditious resolution of their concerns. The Office of the Ombudsman provides customer service and education and resolves customer and bank disputes through two distinct units: the Customer Assistance Group and the National Bank Appeals Program.

Since the Office of the Ombudsman was created in 1993, 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 with a way to challenge agency decisions without fear of retribution or reprisal.

In the past five years, the nation moved from a period of prosperity and growth in 2006 and 2007 to one of crisis and correction in 2008 and 2009. Last year was a period of renewal and reform, as—in the wake of the financial crisis—Congress enacted the Dodd–Frank Wall Street Reform and Consumer Protection Act.

The Dodd–Frank reforms are historic, sweeping, and designed to restore confidence in the nation's financial system. The reforms mandate tighter controls on financial institutions and create by July 21, 2011, the new Consumer Financial Protection Bureau, an independent, federal regulator charged with advocating on behalf of consumers. In addition, the reforms expand the OCC's responsibilities to include the regulation of federal savings associations.

This report highlights the following activities from 2006 through 2010:

- **Tier II consumer complaint appeal process:** Appeals of consumer complaints have been more formally structured and realigned with the national bank appeals process. This realignment ensures that the same principles of a fair and expeditious review are applied to banks and bank customers.
- **National Bank Appeals Program:** In 2008, the national 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 or five appeals were filed each year from 2006 to 2009. In 2010, our office decided 11 bank appeals.
- **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 Executive Committee in measuring and monitoring adherence to strategic goals and compliance with governance laws, regulations, and standards.

With our staff's help and the support of the Comptroller, this office continues to ensure that national bank customers and national banks receive fair and expeditious resolution of their concerns no matter what challenges the future brings.

Larry Hattix  
OCC Ombudsman

## **Customer Assistance Group**

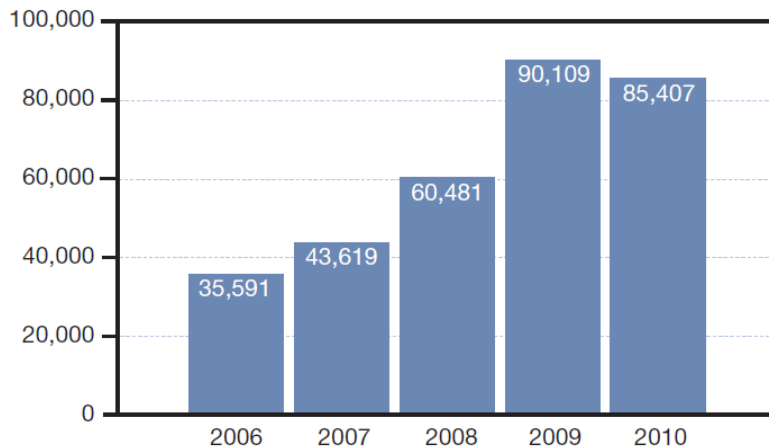
The OCC's Customer Assistance Group helps customers of national banks and operating subsidiaries of national banks with complaints and concerns related to applicable banking laws and regulations. The Customer Assistance Group oversees communication between banks and bank customers and provides informal consumer education on banking.

### **Telephone Inquiries**

The Customer Assistance Group answers telephone inquiries and fields written complaints from consumers who have increasingly turned to us for help. Figure 1 shows that telephone inquiries increased steadily from 2006 to 2009, when telephone inquiries peaked at 90,109. In 2010, the Customer Assistance Group handled 85,407 telephone inquiries, down 8 percent from 2009.

Consumers may contact the Customer Assistance Group by phoning our toll-free number, (800) 613-6743, which is open weekdays from 7 a.m. to 7 p.m. (CST). Assistance is available in English and Spanish. If a consumer has a question about an institution not regulated by the OCC, that call is referred to the appropriate federal or state regulatory agency. Phone 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 at [HelpWithMyBank.gov/faqs/index.html](http://HelpWithMyBank.gov/faqs/index.html). Consumers also can use our Web site to file online complaints.

**Figure 1: Consumer Telephone Inquiries, 2006–2010**



Source: Office of the Ombudsman

## Written Complaints

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

Figure 2 shows that the number of written consumer complaints doubled from 2008 to 2009 to more than 72,000. In 2010, complaints climbed again to a record high. Overall, consumer complaints nearly tripled from 27,155 in 2006 to 77,641 in 2010.

### Complaints May Be Filed Three Ways

#### Online

[HelpWithMyBank.gov/contactus/index.html](http://HelpWithMyBank.gov/contactus/index.html)

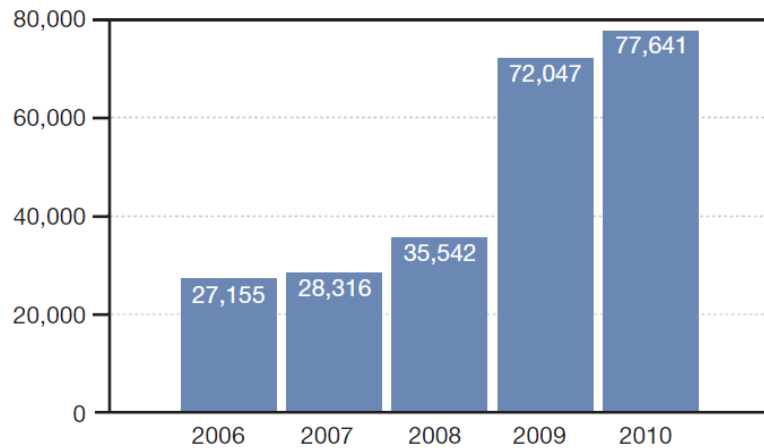
#### Fax

(713) 336-4301

#### Mail

Customer Assistance Group  
1301 McKinney Street #3450  
Houston, TX 77010

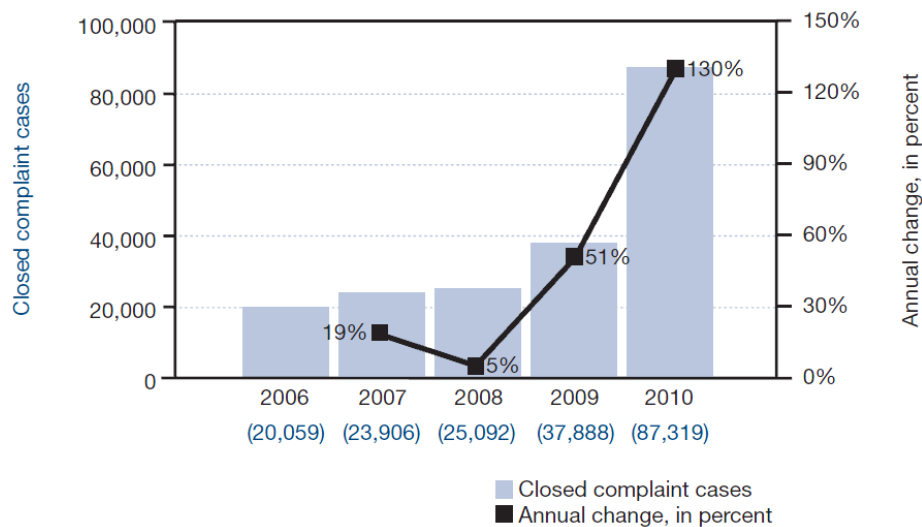
**Figure 2: Consumer Written Complaints, 2006–2010**



Source: Office of the Ombudsman

Figure 3 shows that Customer Assistance Group representatives closed 87,319 written complaints in 2010, an increase of 130 percent over 2009. Streamlined procedures and careful allocation of personnel helped increase the number of closed cases. 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 has explained the decision in writing to the consumer.

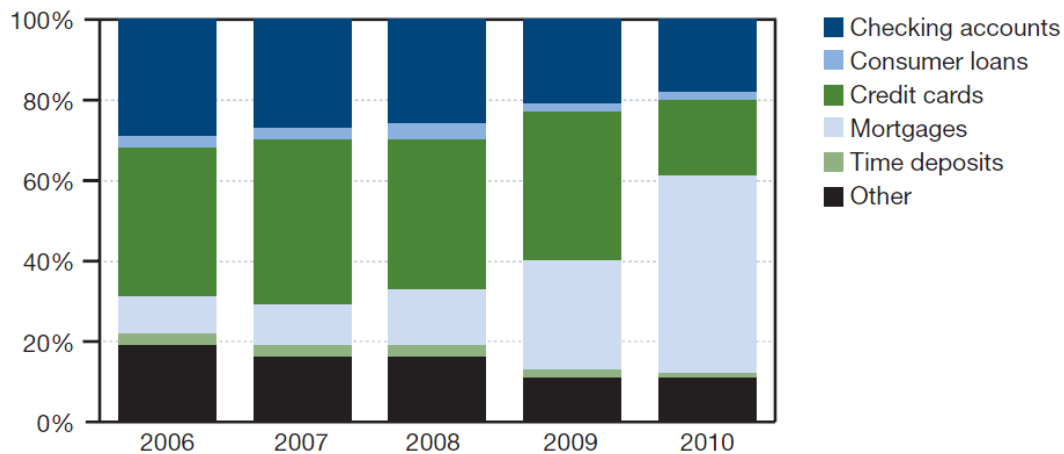
**Figure 3: Consumer Complaint Cases Closed, 2006–2010**



Source: Office of the Ombudsman

Figure 4 shows that mortgage-related complaints outnumbered all other consumer complaints in 2009 and 2010, and, for the first time ever, outpaced complaints involving credit cards. Before 2009, complaints involving credit cards ranked No. 1, year after year. In 2009, mortgage-related complaints rose to nearly 19,700 and then doubled in 2010 to just over 38,000. Complaints involving credit cards declined from a high of 26,380 in 2009 to 14,715 in 2010. Meanwhile, complaints about checking accounts also fell from 15,057 in 2009 to 13,765 in 2010.

**Figure 4: Consumer Complaints by Type of Bank Product, 2006–2010**



Note: Accompanying data for figure 4 are show in the table below.

	2006		2007		2008		2009		2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Checking accounts	7,814	29%	7,575	27%	9,183	26%	15,057	21%	13,765	18%
Consumer loans	843	3%	959	3%	1,239	4%	1,735	2%	1,544	2%
Credit cards	10,083	38%	11,490	41%	12,648	36%	26,380	37%	14,715	19%
Mortgages	2,423	9%	2,919	10%	4,870	14%	19,669	27%	38,034	49%
Time deposits	777	3%	908	3%	1,175	3%	1,200	2%	991	1%
Other	5,215	18%	4,465	16%	5,472	17%	8,006	11%	8,592	11%
<b>Total</b>	<b>27,155</b>	<b>100%</b>	<b>28,316</b>	<b>100%</b>	<b>34,587</b>	<b>100%</b>	<b>72,047</b>	<b>100%</b>	<b>77,641</b>	<b>100%</b>

Source: Office of the Ombudsman

## Transmitting Consumer Complaints

### CAGNet: Between the OCC and Banks

As table 1 shows, since 2006, 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. Each year, the percentage of cases transmitted through CAGNet has increased and the number far exceeds complaints sent through the U.S. Postal Service and by fax.

**Table 1: Consumer Complaints Transferred Between the OCC and Banks, 2006–2010**

	2006	2007	2008	2009	2010
Complaints sent via CAGNet	19,333	24,904	29,735	72,141	86,977
Complaints sent via U.S. Postal Service or fax	1,577	1,483	1,323	1,796	1,982
Total complaints sent to banks	20,910	26,387	31,058	73,937	88,959
Percentage of total sent via CAGNet	92%	94%	96%	98%	98%

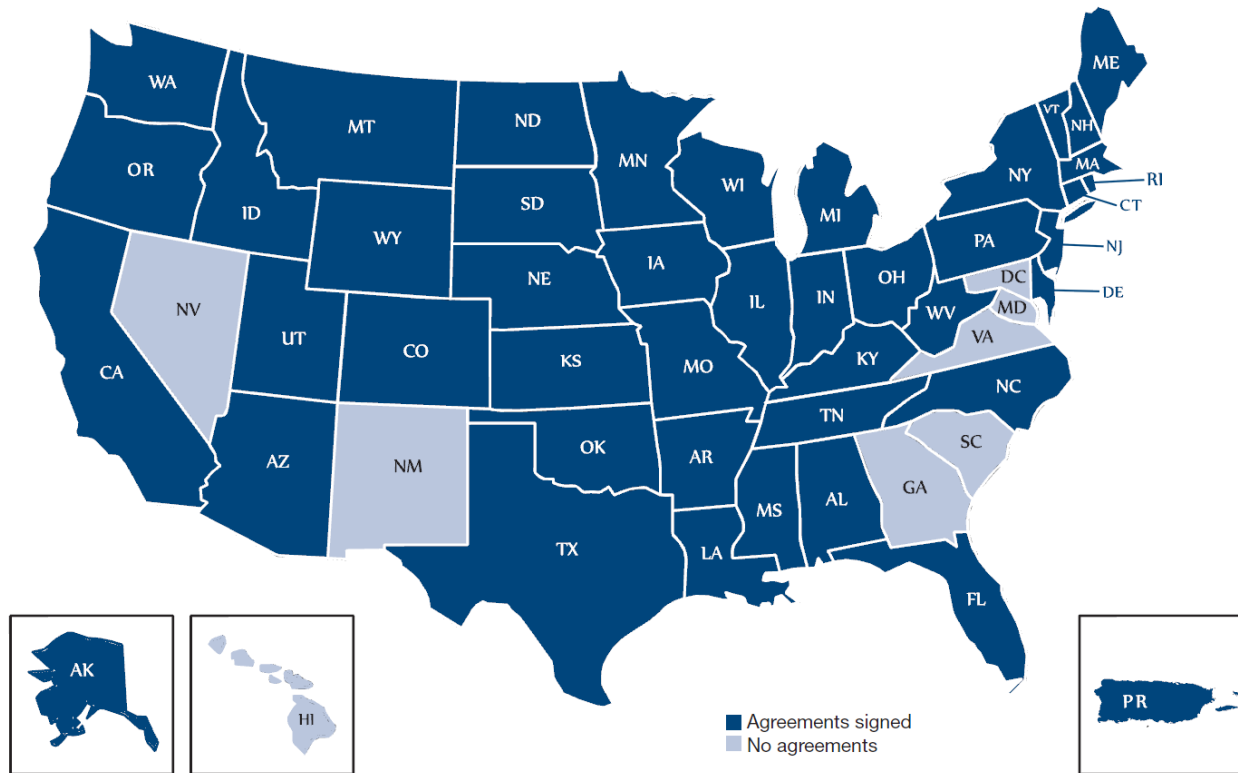
Source: Office of the Ombudsman

### **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. In late 2010, 13 U.S. Senate and House offices signed on to use the system.

By the end of 2010, the Customer Assistance Group had signed Memorandums of Understanding with 43 state banking agencies and Puerto Rico. The agreements allow for the sharing of consumer complaints between the OCC and state banking officials while ensuring that consumer privacy is protected. Figure 5 shows the status of the participation of those states and the one U.S. territory using Complaint Referral Express.

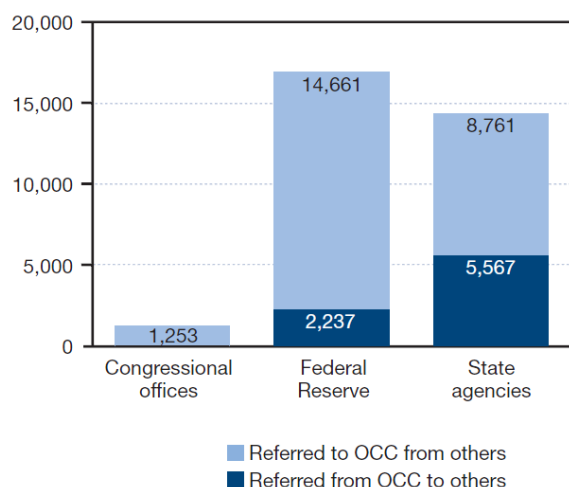
**Figure 5: Complaint Referral Express Participation by U.S. States and Puerto Rico, 2010**



Source: Office of the Ombudsman

Figure 6 shows that in its first two years of operation, Complaint Referral Express transferred 24,675 consumer complaints to the Customer Assistance Group from other federal and state agencies, the majority coming from the Federal Reserve. Meanwhile, the OCC referred 7,804 complaints to other federal and state agencies.

**Figure 6: Consumer Cases Exchanged by Complaint Referral Express, 2009–2010**



Source: Office of the Ombudsman

## National Bank Appeals Program

The National Bank Appeals Program provides a venue for national banks to appeal OCC decisions and actions arising from supervisory activities. As explained in the OCC Bulletin “National Bank Appeals Process,”<sup>1</sup> the appeals process ensures that both formal and informal appeals are responded to fairly and expeditiously.

National banks may submit formal appeals, without fear of reprisal, of certain OCC decisions and actions, such as examination ratings, 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.

In 2010, the OCC published a [brochure](#) that explains the national bank appeals process and provides useful information for bankers and bank examiners. The brochure 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 they are submitted to the Ombudsman’s office or the Deputy Comptroller for the OCC supervisory office overseeing the banks. Generally, the OCC determines within five days

<sup>1</sup> OCC Bulletin “[National Bank Appeals Process](#),” February 25, 2002.

whether matters may be appealed, and the OCC issues rulings within 45 days of appeals being accepted for review.

Table 2 shows the types of issues that banks have appealed since 2006. Most appeals involved disagreements 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. The two most 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, in order of commonality, licensing, accounting, and other issues. An appeal may cite more than one issue. As a result, the total shown in table 2 for any given year may exceed the actual number of appeals filed that year.

**Table 2: National Bank Appeals by Type of Issues Challenged, 2006–2010**

Issue cited in the appeal	2006	2007	2008	2009	2010	Total
CAMELS	1		2	1	7	11
Shared National Credits				1	3	4
Law violations			1	1	2	4
Licensing	1	2	1			4
Accounting	1	2	1			3
Other	1			1		2

Source: Office of the Ombudsman

Note: An appeal may cite more than one issue.

Appeals may be decided in favor of the OCC supervisory office, in favor of the bank, or in split decisions. In 2010, 64 percent of appeals resulted in decisions upholding the OCC supervisory office, 18 percent resulted in decisions upholding banks, and 18 percent resulted in split decisions, with some issues decided in favor of banks and others in favor of the OCC supervisory office.

Visit the following Web pages for more information.

- [National Bank Appeals Process](#)
- [Summaries of National Bank Appeals](#)