

Analysis: CFPB Complaints Surge During Pandemic, Led By Credit Report Complaints

For the fifth consecutive month, consumer complaints to the CFPB set a new monthly complaint volume record in July, according to an analysis by U.S. PIRG and the Frontier Group.¹ This snapshot focuses on spikes in complaints about credit reporting. While credit reporting complaints have always been among the leading complaint categories, during the pandemic the total number of credit reporting complaints has surged by 86 percent. As a percentage of overall complaints, they accounted for 65 percent in July, compared to 54 percent in February.

The accuracy of credit reports is important because consumer reporting agencies act as gatekeepers to financial or employment opportunities. Few creditors will issue credit without reviewing a credit report or credit score derived from it. Increasingly, employers, landlords and insurers also now use credit reports.

Chart 1: For the fifth consecutive month, consumer complaints to the CFPB set a new monthly complaint volume record in July.

Public Complaints 2020	
Month	Complaints
Jan	26,408
Feb	25,095
Mar	29,494
Apr	34,805
May	37,000
Jun	37,932
Jul	38,712
Aug (partial)	4881
Grand Total	234327

(Note: Complaints were accessed on 11 August. Complaint totals accessed on different dates will give different results as more complaints are added (and the CFPB posts based on original date received.)

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Chart 2: Complaints in March-July 2020 (pandemic period) are 50% higher than the same period in 2019

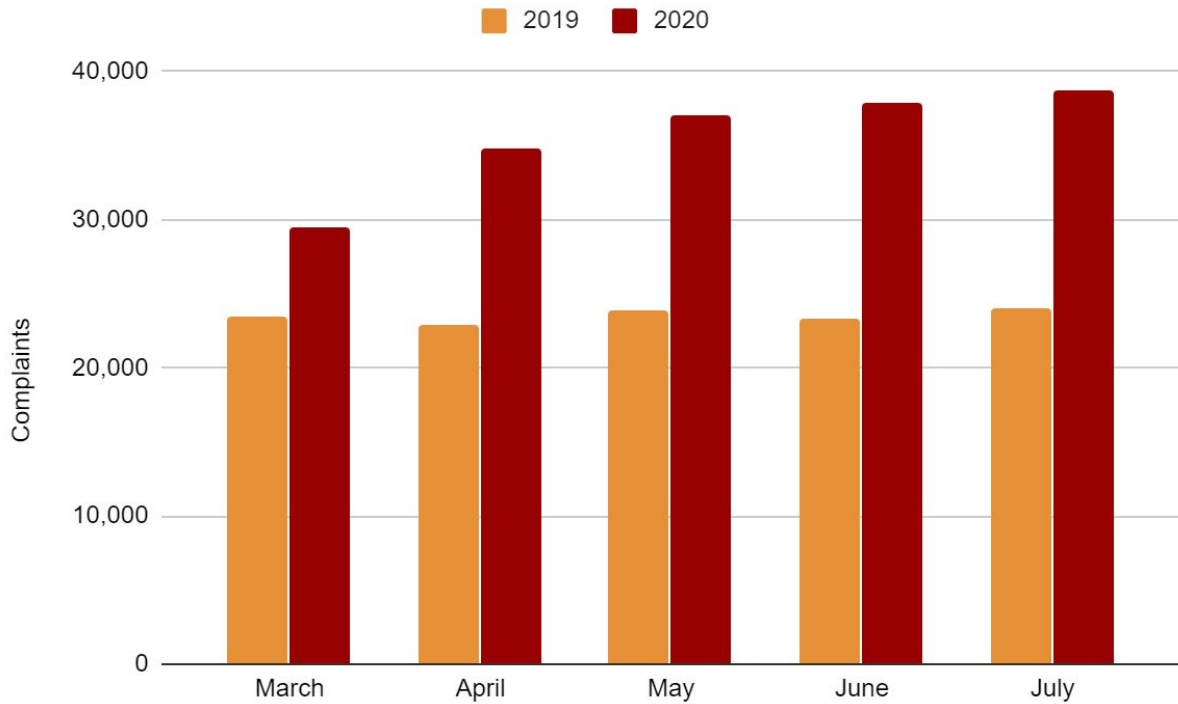
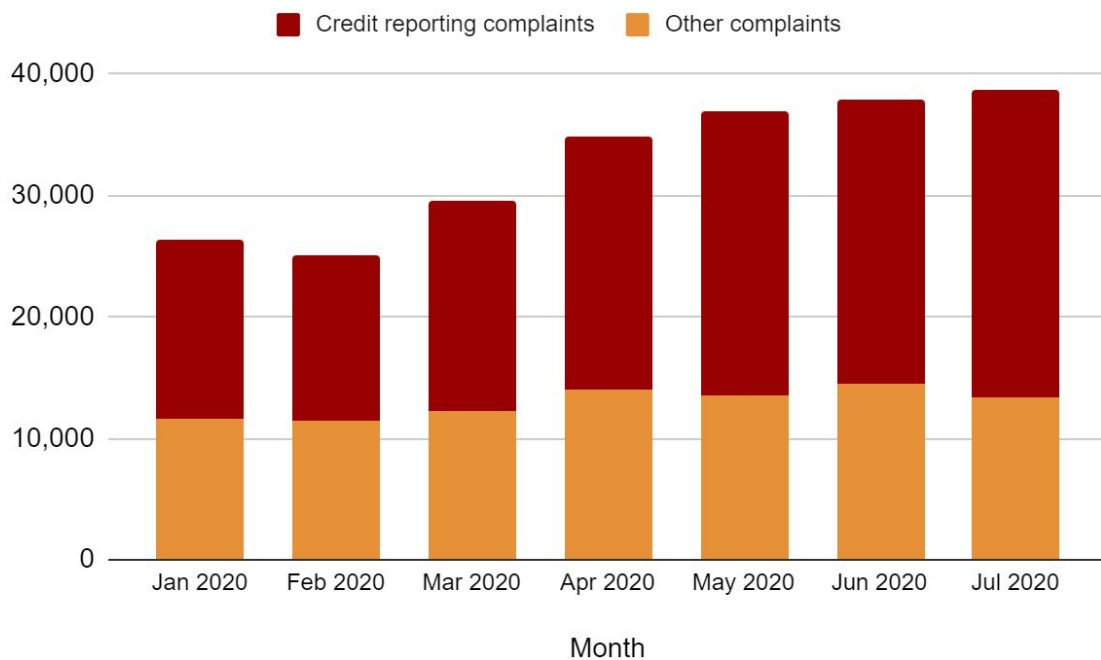
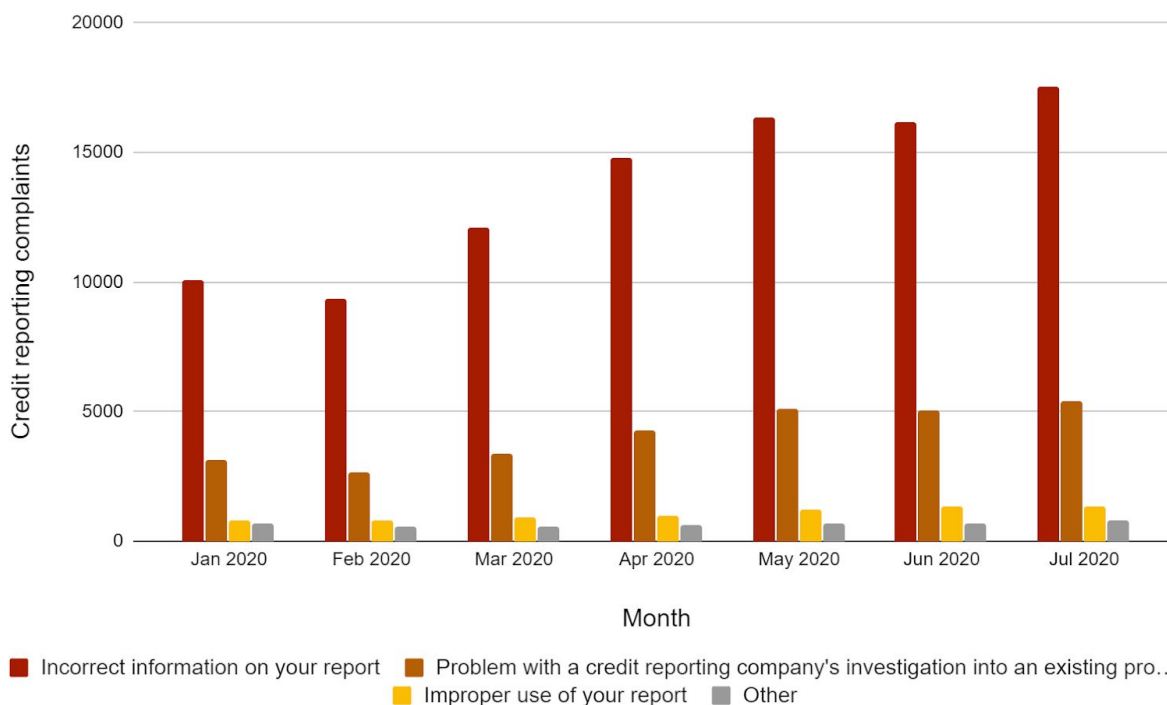


Chart 3: Credit reporting complaints are driving a surge in CFPB complaints



Credit reporting always has been among the leading sources of complaints, but during the pandemic, the total number of those complaints has surged by 86 percent. As a percentage of overall complaints, they accounted for 65 percent in July, compared to 54 percent in February.

Chart 4: Credit reporting complaints are led by complaints of incorrect information on consumer credit reports



The recent surge in credit reporting complaints has been driven by nearly double the number of complaints about incorrect information. Nearly three out of four of these complaints allege that information on a consumer’s credit report belongs to someone else. Consumer complaints have also spiked about delayed investigations into credit problems, and investigations that do not result in a fix.

Recommendations for Congress:

Ban Negative Credit Reporting During Pandemic: With credit reporting complaints at new heights, consumers who don’t have the means to pay bills during the pandemic should not face the frustration of resolving credit reporting mistakes or the reduced credit scores caused by negative credit reporting items. Their problems may not be the result of a propensity toward inappropriate money management but due solely to the pandemic’s harsh effects on their ability to pay bills. The House-passed Heroes Act (HR6800) amends the CARES Act to ban negative credit reporting. Sec.110401 will ban negative credit reporting during a natural disaster, including the pandemic. The section also prohibits the use of new credit scoring models that

would “identify a significant percentage of consumers as being less creditworthy than previous models.” If the Senate does not pass [HR6800](#), the Senate should include a ban on negative credit reporting in its next pandemic response package. Similar Senate proposals include The Disaster Protection for Workers’ Credit Act, [S3508](#) (Schatz (HI)-Brown (OH)-Jones (AL)).

Ban Debt Collection During Pandemic: People don’t have the means to pay bills during the pandemic. They should not be subject to the additional strain of debt collection. Debt collection is also the second-leading cause of complaints to the CFPB. A leading debt collection complaint is the “debt is not mine.” Debt collection items also result in increased credit report errors and disputes. The House-passed Heroes Act (HR6800) also includes Sec.110402 that will ban debt collection during a natural disaster, including the pandemic. If the Senate does not pass HR6800, the Senate should include a ban on debt collection in its next pandemic response package.

These two provisions are critical to resolve pandemic-induced credit reporting problems. Additional actions Congress should take to clean up credit reporting problems include the following:

Pass the Pressley (MA)-Waters (CA) Comprehensive CREDIT (Credit Reporting Enhancement, Disclosure, Innovation, and Transparency) Act ([HR3621](#)) into law. The House has passed the Comprehensive CREDIT Act, which makes improvements to the error dispute process, provides for free credit scores to accompany free credit reports, restricts the use of credit reports for employment purposes and makes other comprehensive changes to improve the accuracy and security of credit reports.

Pass the Gottheimer (NJ) Protecting Your Credit Score Act ([HR5332](#)) into law. The House has passed HR5332, which establishes a free shared online portal for consumers to access their credit reports, initiate disputes and place security freezes with no marketing or limitations on legal rights allowed; creates a consumer ombudsperson at the CFPB to assist consumers with interactions with consumer reporting agencies; improves accuracy by requiring the matching of all 9 digits in a Social Security Number before adding information to a consumer’s report and makes other improvements to the credit reporting system..

Pass the Reed (RI) Consumer Credit Control Act ([S2685](#)) into law. S2685 would make credit report freezes the always-on default switch to protect consumers from credit reporting errors caused by identity theft.

Recommendations for the CFPB:

Rescind its pandemic [guidance](#) that allows consumer reporting agencies to ignore Fair Credit Reporting Act reinvestigation time limits.

Cancel Plans to Allow the Collection of Time-Barred Zombie Debt: Instead of completely banning the collection of “zombie” debt (it can no longer be collected in court under current law), the CFPB has proposed a safe harbor from liability for debt collectors that take advantage of consumers’ misunderstandings and trick people into paying and potentially revive the debt collectors’ full rights to collect the stale debt. ([Comment letter](#) from Americans for Financial Reform, U.S. PIRG Education Fund and others).

Restore Ease of Viewing Consumer Complaint Narratives: U.S. PIRG joined 3 dozen groups in a [letter to CFPB Director Kathy Kraninger](#) this week, expressing concern that recent changes to the public consumer complaint database make it harder to find consumer story narratives.