Fraudulent Complaints Submissions in the CFPB Database

The Consumer Financial Protection Bureau (CFPB) allows consumers to report on issues related to financial products and services such as mortgages, credit cards, bank accounts, personal loans, and credit reporting. The CFPB forwards the complaints to the relevant companies, allowing them to respond within 15 days, The objective of this database is to provide consumers a conduit for getting their legitimate complaints investigated by the companies and resolved in a timely manner.

An analysis of a subset of data within the complaints database by Davies Consulting revealed that an estimated 2% of the complaints submitted to the CFPB may be fraudulent. This article describes the analysis used to detect likely fraud or abuse within the database and what the CFPB could do to mitigate fraudulent submissions.

Complaints

Consumers can submit complaints to the CFPB through an online portal or by phone or mail. When submitting a complaint, consumers must provide personal details, a description of the issue, and supporting documentation. Consumers can also opt-in to make their complaint data publicly available. A consumer can submit up to three complaints, one to each credit bureau. Importantly, the CFPB states that consumers cannot submit multiple complaints for the same issue.

Most of the complaints within the CFPB database are related to inaccuracies in credit reports from credit bureaus.
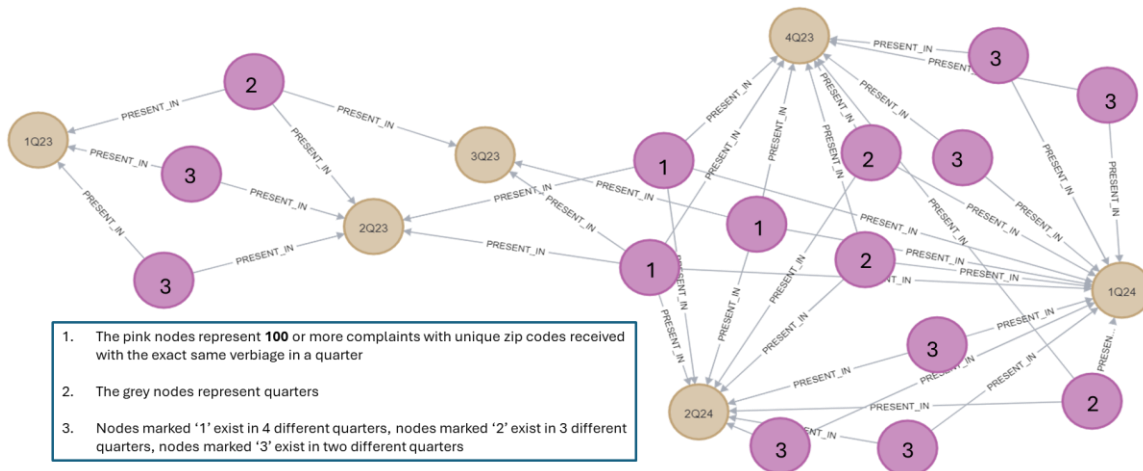
Analysis

The analysis to detect fraudulent complaints was based on a subset of data within the complaints database where the complaints were related to the credit bureaus and where a consumer narrative was provided. Additionally, the analysis focused on complaints with unique ZIP codes to detect potential fraud or abuse.

The analysis showed that there were over 100 submissions with unique ZIP codes that had identical verbiage in the narratives. This implies that each of those complaints was submitted by the same individual using different ZIP codes to abuse the system, or that this individual may have submitted complaints related to multiple consumer accounts associated with those zip codes. The only scenario when the latter could be legitimate is when a credit repair company is filing on the customers' behalf. However, there is no indication of this outside of the tags for 'Older Americans' and 'Service Members' within the database and the narratives do not appear to be from a legitimate credit repair entity.

We list two such narratives in complaints exceeding 100 unique ZIP codes:

1. "In accordance with the Fair Credit Reporting act. The List of accounts below has violated my federally protected consumer rights to privacy and confidentiality under 15 USC 1681. 15 U.S.C 1681 section 602 A. States I have the right to privacy. 15 U.S.C 1681 Section 604 A Section 2 : It also states a consumer reporting agency can not furnish a account without my written instructions 15 U.S.C 1681c. (a) (5) Section States : no consumer reporting agency may make any consumer report containing any of the following items of information Any other adverse item of information, other than records of convictions of crimes which antedates the report by more than seven years. 15 U.S.C. 1681s-2 (A) (1) A person shall not furnish any information relating to a consumer to any consumer reporting agency if the person knows or has reasonable cause to believe that the information is inaccurate."
2. "I am a victim of identity theft please remove this fraud inquiry from my credit."

Additionally, many of these narratives appear in complaints from other calendar quarters. The figure below shows clusters of complaints with identical narratives in multiple quarters.

1. The pink nodes represent **100** or more complaints with unique zip codes received with the exact same verbiage in a quarter
2. The grey nodes represent quarters
3. Nodes marked '1' exist in 4 different quarters, nodes marked '2' exist in 3 different quarters, nodes marked '3' exist in two different quarters

Based on the assumption that someone submitting the same narrative for over 100 complaints with unique ZIP codes is likely engaging in fraud or abuse, it is estimated that at least 2% of all credit bureau related complaints received by the CFPB are fraudulent.

The current analysis only focused on narratives that matched exactly. Using semantic analysis and clustering techniques, we could enhance this analysis to include partial matches of the narratives. The estimate of fraud will then likely be higher.

The information within the database suggests that the complaints identified in the analysis as likely fraudulent were forwarded to credit bureaus by the CFPB for a resolution. It is likely the bureaus incurred costs to review these fraudulent complaints. Additionally, there is always a chance that some of these complaints could have been viewed favorably, potentially helping the fraudsters with the use of the stolen credentials.

The CFPB could implement a framework to deter and weed out fraudulent submissions by utilizing advanced NLP (Natural Language Processing) techniques like semantic analysis and clustering to link complaints from the same individuals. This could help reduce the cost incurred by the credit bureaus on these complaints and maintain the integrity of the CFPB database.

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