



Q&A: Regulatory Compliance Insights

Compliance Check

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Compliance Check

IN THIS EDITION

Ensuring an Effective Complaint Management Process

Complaints provide valuable insight into the customer perspective, offering firsthand feedback about their experience with an institution. In response, institutions have an opportunity to demonstrate responsiveness and a commitment to resolving issues to a customer's satisfaction. Effective complaint management will identify process gaps, drive improvements in products and services, strengthen customer relationships, and even promote loyalty and referrals. This quarter, we address key questions that compliance professionals often ask.



Ask CrossCheck

Grappling with a regulatory compliance issue? We invite you to [send your question](#) to Ask CrossCheck. Our team of compliance experts are ready to provide the guidance and support you need.

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My institution's complaint volume is minimal; can we reasonably conclude that our compliance risk is also low?

An effective compliance program incorporates a framework for consumer complaint response that includes a clear definition of a "complaint" and a process for ensuring all complaints are captured and resolved. Underreporting complaints may be more concerning than a high volume of complaints as it can signal potential gaps in the program and process.

A low complaint volume could be due to:

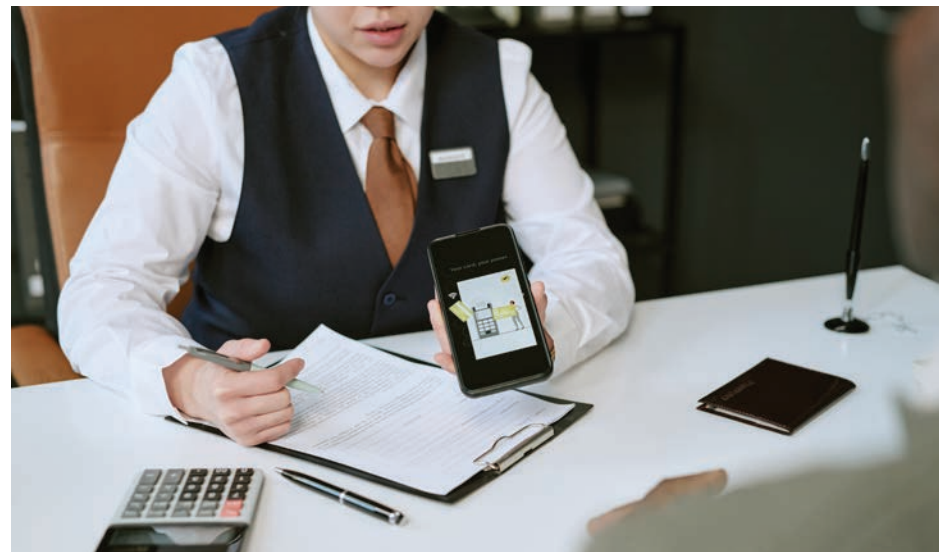
- **Ineffective intake channels** – To ensure all complaint channels are captured, implement a standard definition of a complaint and train all customer-facing personnel to document and escalate all customer communications that meet the definition.
- **Failure to capture verbal complaints** – Ensure verbal complaints are included in the definition and train staff to document them even if they are resolved immediately. Ongoing training, call monitoring, and periodic reviews can reinforce expectations and ensure verbal complaints are consistently recorded and trended. *(Continued on next page)*



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My institution's complaint volume is minimal; can we reasonably conclude that our compliance risk is also low? *(continued)*

- **Overly narrow definition of complaint** – Consider adopting a broad definition of complaints that captures expression of dissatisfaction related to a product or service.
- **Failure to question the lack of complaints** – Monitoring of complaint activity will highlight channels where no complaints are received. Clear procedures, system prompts, and periodic monitoring can reinforce that immediate resolution does not eliminate the obligation to document the complaint.



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How do we know if complaint resolutions are actually addressing the underlying issue?

Resolutions are effective when the root cause of the complaint is identified, corrective actions are implemented, and monitoring shows similar complaints are no longer recurring. Periodically reviewing resolved complaints and validating corrective actions ensures the underlying issue is truly addressed.

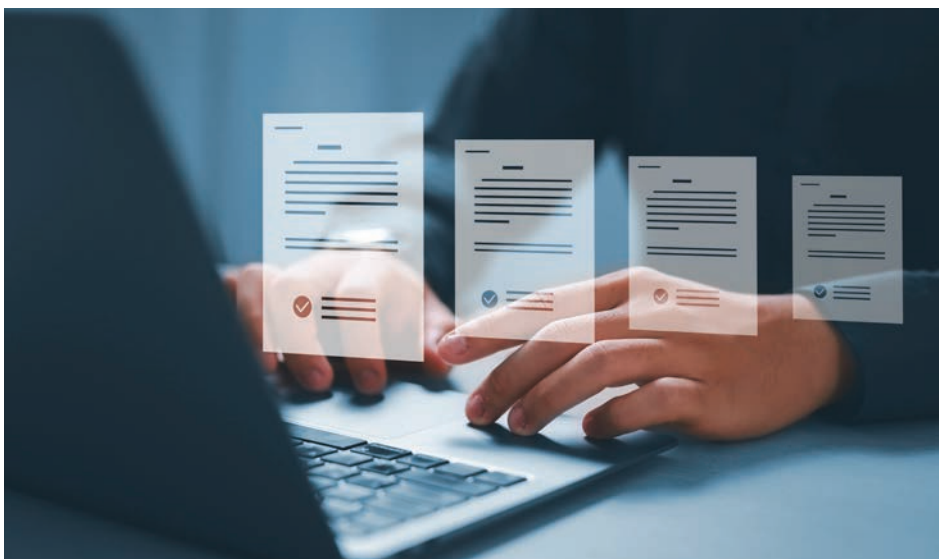
Any persistent or systemic issues should be escalated, and documentation should demonstrate that risks have been identified and remediated. This process supports the CFPB's Compliance Management System (CMS) framework, which emphasizes ongoing monitoring, risk identification, and corrective action.



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What does my complaint log say about my compliance program?

It is important to understand the 'story' your complaint data tells. Complaint data provides an early indication of potential operational or regulatory issues that may cause inadvertent customer harm. It is reviewed by the regulators as part of their supervision activities.



A closer look at the types of complaints in each category will point to the areas where the institution should take a deeper look.

Collection of standard data about each complaint will facilitate filtering the data to identify patterns, trends, and findings that warrant reporting to key stakeholders including business line management, risk management, compliance, senior management, and the board of directors.

Some red flags to keep an eye out for are sudden spikes in complaints tied to a specific product, branch, employee, or fee; recurring issues; patterns that align with operational changes such as system conversions or rate adjustments; and similar complaints that suggest a recurring issue.

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