

# **Report From the Office of Enterprise Governance and the Ombudsman 2009–2013 Highlights**

## **Message From the Office of Enterprise Governance and the Ombudsman**

The Office of the Comptroller of the Currency (OCC) is responsible for ensuring the safety and soundness of nationally chartered banks and federal savings associations. The Office of Enterprise Governance and the Ombudsman helps the OCC fulfill this mission by ensuring that bank customers, and the approximately 1,800 banks the agency supervises, receive fair and expeditious resolution of their concerns. The Office of Enterprise Governance and the Ombudsman provides customer service and resolves consumer and bank supervisory disputes through two distinct units: the Customer Assistance Group and the Bank Appeals Program.

Since its creation in 1993, the Office of Enterprise Governance and the Ombudsman<sup>1</sup> has served as an independent arbiter for the OCC's regulated banks and their customers by operating apart from the OCC bank supervision function and by reporting directly to the Comptroller of the Currency. This separation enables the Ombudsman to respond independently and fairly to the questions and complaints that consumers have about their banks, and to provide bankers with a way to challenge agency decisions without fear of retribution or reprisal.

In 2013, the OCC and other regulators were in the process of implementing some of the most sweeping regulatory changes since the Great Depression. The Dodd–Frank Wall Street Reform and Consumer Protection Act of 2010, signed by President Obama in July that year, and other domestic and international reforms enacted in the wake of the crisis reshaped the federal regulatory landscape.

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<sup>1</sup> The office was formerly known as the Office of the Ombudsman, where Larry L. Hattix has served as Ombudsman since January 2008. In February 2013, his role changed to Senior Deputy Comptroller and the department expanded to oversee the agency's enterprise governance function, the national bank and federal savings association appeals program, and the Customer Assistance Group.

The Dodd–Frank reforms expanded the OCC’s role by transferring responsibility for the supervision of federal savings associations to the OCC and merging the Office of Thrift Supervision with the OCC. The reforms created the Consumer Financial Protection Bureau (CFPB) to enhance consumer protection related to consumer financial products and services.

The OCC is responsible for processing all consumer complaints relating to national banks and federal savings associations with less than \$10 billion in total assets. Since 2011, our complaint volume has declined significantly through the transition of complaints to the CFPB regarding certain federal consumer financial laws for institutions relating to national banks and federal savings associations with greater than \$10 billion in total assets.

This report highlights the following activities of the Office of Enterprise Governance and the Ombudsman’s office from 2009 through 2013.

- **Customer Assistance Group:** We improved operational efficiency in response to record numbers of complaints received in 2009 and 2010. The changes included developing an online complaint form and Complaint Referral Express (CRE), a secure Web-based application that allows the OCC and other state and federal regulators and offices to exchange consumer complaints. The OCC continues to process consumer complaints against OCC-supervised banks.
- **Consumer complaints appeals process:** The appeals process for consumers is a two-tiered structure. The manager of the Customer Assistance Group reviews and processes tier-one appeals. If the consumer wishes a further appeal, a tier-two appeal is submitted to the Ombudsman’s office. The OCC’s two-tier appeals process ensures the same principles of fair and expeditious review to both national banks and federal savings associations—and their customers.
- **Bank Appeals Program:** Experienced bank examiners independent of conducting bank supervision examinations review bank appeals. In 2013, our office rendered decisions on

seven formal bank appeals and issued guidance in OCC Bulletin 2013-15,<sup>2</sup> “Bank Appeals Process: Guidance for Bankers.”

- **Enterprise Governance:** The Ombudsman’s office first assumed responsibility for Enterprise Governance in 2009. Enterprise Governance assists the Comptroller of the Currency and the OCC’s Executive Committee in measuring and monitoring the OCC’s adherence to strategic goals and compliance with governance laws, regulations, and standards. The Enterprise Governance group was significantly expanded in 2013 to provide an independent assessment for all activities of OCC Senior Deputy Comptroller (SDC) level lines of business with recommendations that validate and strengthen existing supervisory and operational processes.

Through these activities, the Office of Enterprise Governance and the Ombudsman continues to ensure that bank customers and banks receive fair and expeditious resolution of their concerns and that the OCC meets the same high standards it sets for the national banks and federal savings associations it supervises.

**Larry L. Hattix**  
Senior Deputy Comptroller  
Office of Enterprise Governance and the Ombudsman

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<sup>2</sup> OCC Bulletin 2013-15 rescinded and replaced OCC Bulletin 2011-44, “Bank Appeals Process Guidance for Bankers.”

## Customer Assistance Group

The OCC’s Customer Assistance Group helps bank customers with complaints and concerns related to applicable banking laws and regulations. In addition to providing informal consumer education on a variety of banking topics, the Customer Assistance Group facilitates communication between banks and their customers regarding individual disputes formally filed with the OCC.

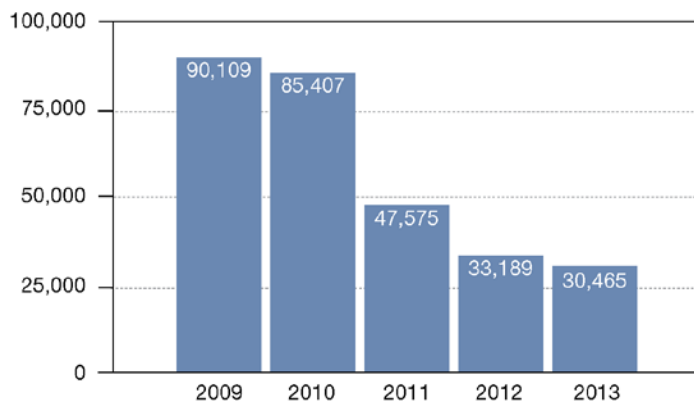
Consumer complaints can serve as an early warning system for problems within the banking industry. A rising complaint volume could indicate increased strategic, reputation, compliance, or transaction risks. In response to past consumer complaints, the OCC has issued regulatory guidance on gift cards,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

### Telephone Inquiries

The Customer Assistance Group answers telephone inquiries from consumers who turn to the OCC for help. From 2009 to 2011, decreases in telephone inquiries were partly offset by increases in written complaints.

Figure 1 shows that telephone inquiries reached an all-time high of 90,109 in 2009. During 2010, telephone inquiries declined slightly to 85,407. During 2013, our Customer Assistance Group received 30,465 telephone inquiries.

**Figure 1: Consumer Telephone Inquiries, 2009–2013**



Source: Office of Enterprise Governance and the Ombudsman

Consumers may contact our Customer Assistance Group by calling our toll-free number, (800) 613-6743, which is staffed weekdays from 7 a.m. to 7 p.m. Central Time. Assistance is available in English and Spanish. If a consumer has a question about an institution not regulated by the OCC, the call is referred to the appropriate federal or state regulatory agency.

**Three Ways to File Complaints**

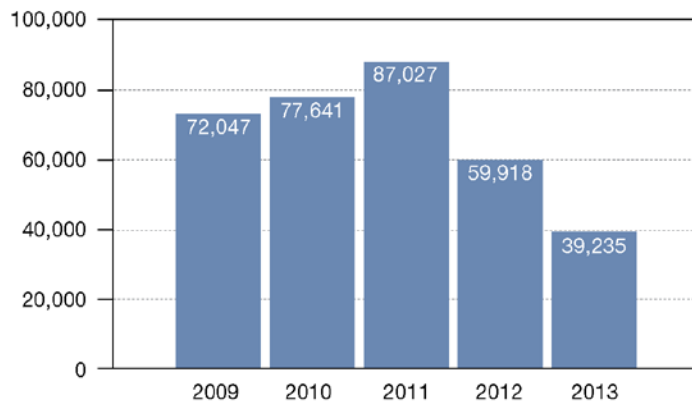
- **Online**  
[HelpWithMyBank](#)
- **Fax**  
(713) 336-4301
- **Mail**  
Customer Assistance Group  
1301 McKinney St.  
Suite 3450  
Houston, TX 77010

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 available on [HelpWithMyBank](#). Consumers can file written complaints through this Web site. On average, the Web site receives 2,500 visits per day.

**Written Complaints**

Figure 2 shows the number of written consumer complaints submitted increased from 2009 to 2011 to a record 87,027 in 2011. Overall, consumer complaints more than tripled from 28,316 in 2007 to 87,027 in 2011. In 2012, consumer complaints decreased 31 percent to 59,918; and in 2013, written consumer complaints decreased an additional 35 percent to 39,235.

**Figure 2: Consumer Written Complaints, 2009–2013**

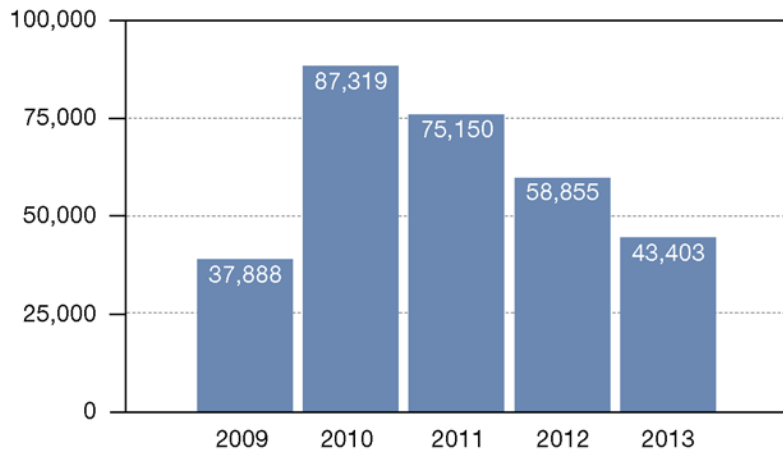


Source: Office of Enterprise Governance and the Ombudsman

Customer Assistance Group specialists review each consumer’s complaint, the bank’s response to the complaint, and any applicable laws and regulations. The Customer Assistance Group

closes a case after explaining decisions in writing to the consumer. Figure 3 shows that in 2010, our Customer Assistance Group closed a record 87,319 cases. The capacity to close those cases was due largely to our efforts in previous years to streamline procedures and allocate staff efficiently. In 2013, our Customer Assistance Group representatives closed 43,403 written complaints, a 42 percent decrease from 2011.

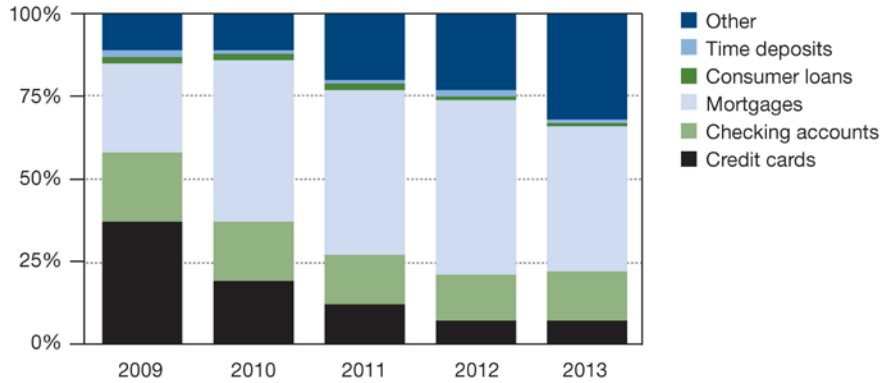
**Figure 3: Consumer Complaint Cases Closed, 2009–2013**



Source: Office of Enterprise Governance and the Ombudsman

Figure 4 shows that mortgage-related complaints outnumbered all other consumer complaints from 2010 to 2013 and outpaced complaints involving other products. Before 2010, complaints involving credit cards ranked highest year after year. In 2009, mortgage-related complaints rose to nearly 19,700, and then almost doubled in 2010 to just over 38,000. This category increased again in 2011 to 43,080, but decreased 26 percent in 2012 to 31,929 and another 46 percent in 2013 to 17,238. In 2013, mortgage-related complaints represented 44 percent of all complaints, while credit-card complaints represented 7 percent. Complaints related to checking accounts declined to 5,845 in 2013.

Figure 4: Consumer Complaints by Type of Bank Product, 2009–2013



Source: Office of Enterprise Governance and the Ombudsman

Table 1 shows the raw data used in figure 4.

Table 1: Consumer Complaints by Type and Number of Bank Product, 2009–2013

| Bank product     | 2009          |             | 2010          |             | 2011          |             | 2012          |             | 2013          |             | Average       |             |
|------------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|---------------|-------------|
|                  | Number        | Percent     | Number        | Percent     | Number        | Percent     | Number        | Percent     | Number        | Percent     | Number        | Percent     |
| Credit card      | 26,380        | 37%         | 14,715        | 19%         | 10,158        | 12%         | 4,445         | 7%          | 2,807         | 7%          | 11,701        | 16%         |
| Checking account | 15,057        | 21%         | 13,765        | 18%         | 13,451        | 15%         | 8,286         | 14%         | 5,845         | 15%         | 11,281        | 17%         |
| Mortgage         | 19,669        | 27%         | 38,034        | 49%         | 43,080        | 50%         | 31,929        | 53%         | 17,238        | 44%         | 29,990        | 45%         |
| Consumer loans   | 1,795         | 2%          | 1,544         | 2%          | 1,445         | 2%          | 850           | 1%          | 501           | 1%          | 1,227         | 2%          |
| Time deposits    | 1,257         | 2%          | 991           | 1%          | 1,062         | 1%          | 1,132         | 2%          | 467           | 1%          | 982           | 1%          |
| Other            | 7,889         | 11%         | 8,558         | 11%         | 17,831        | 20%         | 13,276        | 23%         | 12,369        | 32%         | 11,985        | 19%         |
| <b>Total</b>     | <b>72,047</b> | <b>100%</b> | <b>77,607</b> | <b>100%</b> | <b>87,027</b> | <b>100%</b> | <b>59,918</b> | <b>100%</b> | <b>39,227</b> | <b>100%</b> | <b>67,165</b> | <b>100%</b> |

Source: Office of Enterprise Governance and the Ombudsman

## Transmitting Consumer Complaints

### CAGNet: Between the OCC and Banks

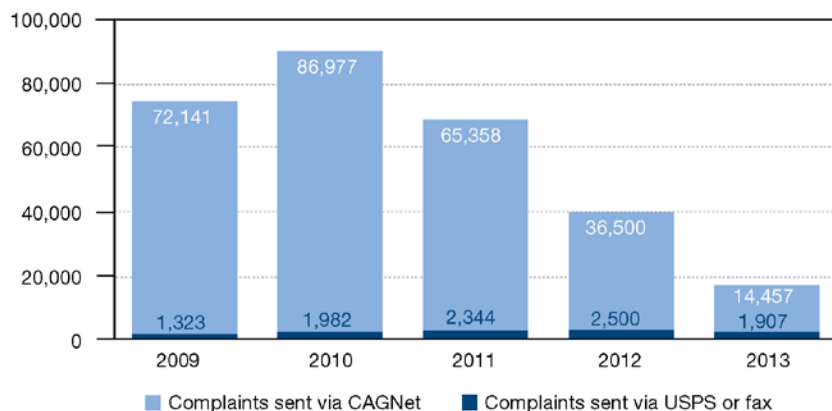
Table 2 and figure 5 show that since 2009, the OCC has electronically transferred more than 85 percent of all complaints received annually to banks using CAGNet, a secure Web-based application that allows the OCC and banks to communicate directly and efficiently in the processing of consumer complaints. The number of cases transmitted through CAGNet far exceeds complaints sent through the mail and by fax.

**Table 2: Consumer Complaints Transferred Between the OCC and Banks, 2009–2013**

| Complaint transfer method        | 2009   | 2010   | 2011   | 2012   | 2013   |
|----------------------------------|--------|--------|--------|--------|--------|
| Complaints sent via CAGNet       | 72,141 | 86,977 | 65,358 | 36,500 | 14,457 |
| Complaints sent via mail or fax  | 1,323  | 1,982  | 2,344  | 2,500  | 1,907  |
| Total complaints sent to banks   | 73,464 | 88,959 | 67,702 | 39,000 | 16,364 |
| Percentage total sent via CAGNet | 98%    | 98%    | 97%    | 94%    | 88%    |

Source: Office of Enterprise Governance and the Ombudsman

**Figure 5: Consumer Complaints Transferred Between the OCC and Banks, 2009–2013**



Source: Office of Enterprise Governance and the Ombudsman

### Complaint Referral Express: Between the OCC and Other Regulators

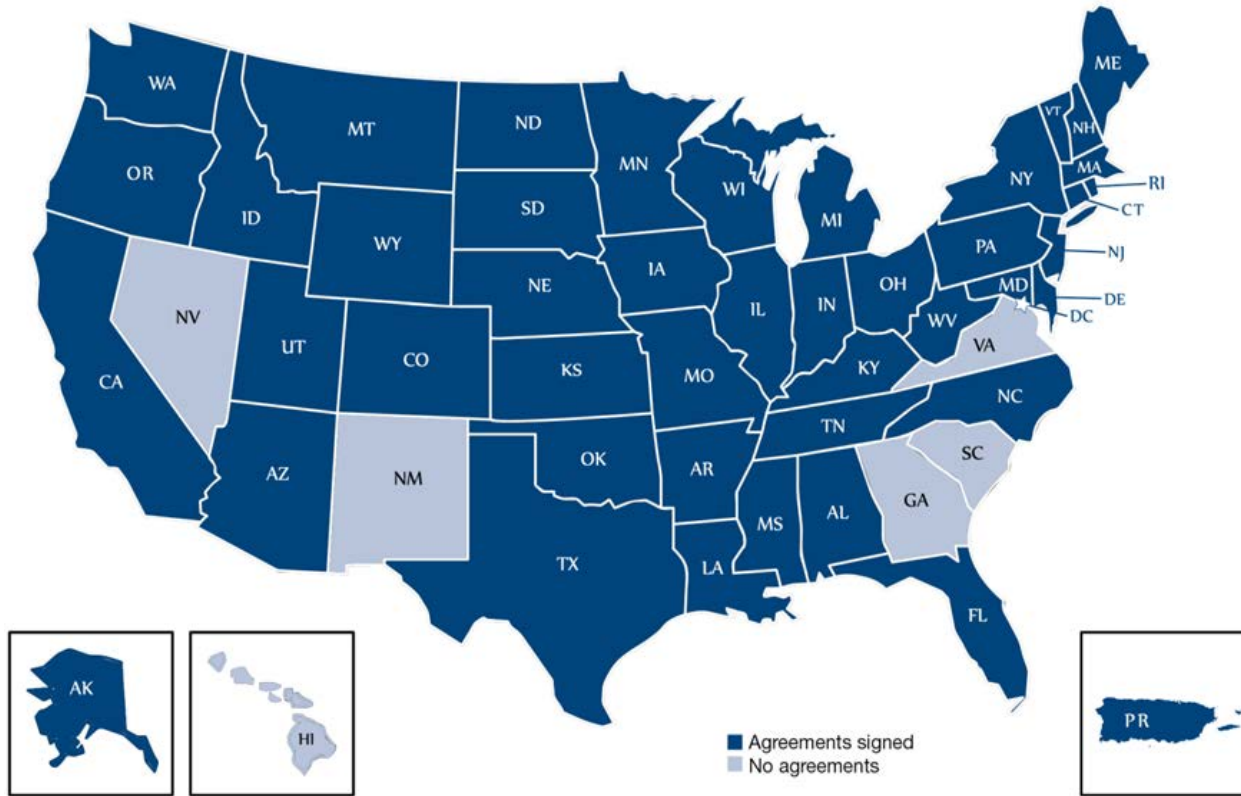
In 2009, the OCC introduced Complaint Referral Express (CRE), a secure Web-based system that allows the OCC and other state and federal regulators and offices to exchange consumer complaints about institutions they do not supervise. For example, the Customer Assistance Group forwards consumer complaints received about non-OCC-regulated banks 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 2013, 12 U.S. Senate and U.S. House offices had registered to use the system.

By the end of 2013, the OCC had signed memorandums of understanding with 45 state banking agencies and Puerto Rico. The agreements allow for the OCC and state banking officials to share consumer complaints while protecting consumer privacy. Figure 6 shows the states and one U.S. territory that have signed memorandums of understanding.



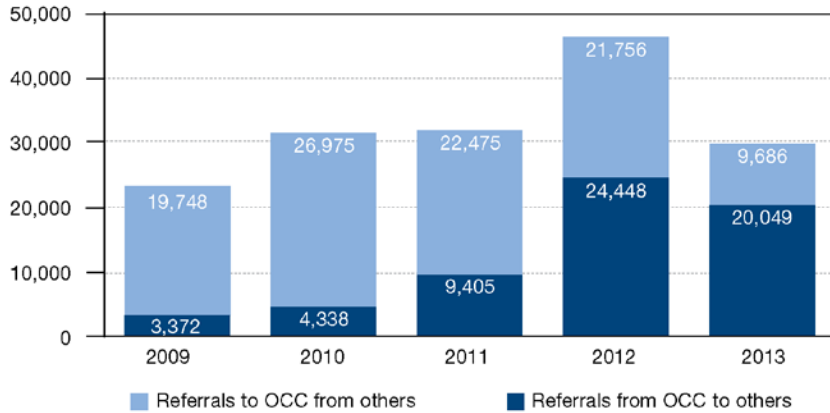
Figure 6: Consumer Complaint Memorandums of Understanding With State Authorities



Source: Office of Enterprise Governance and the Ombudsman

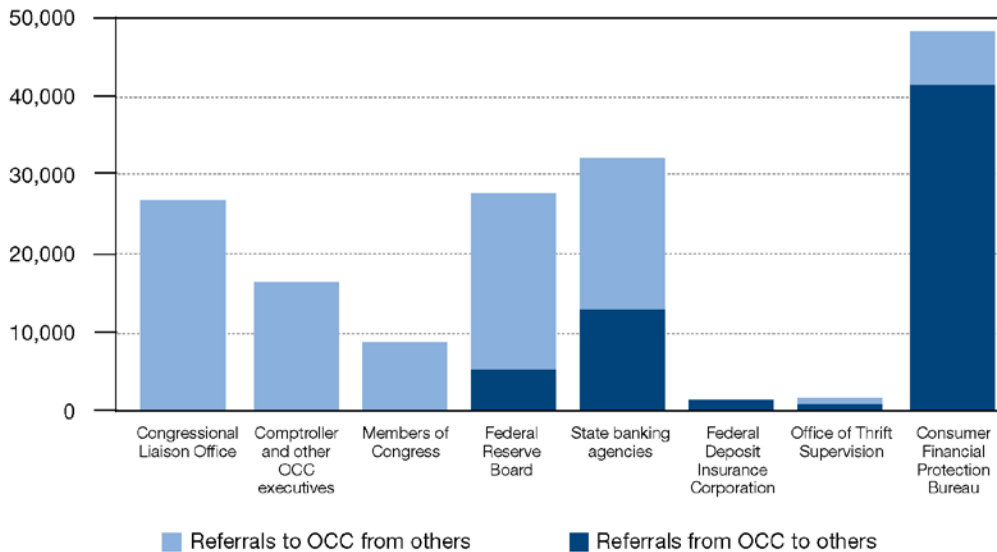
Figure 7 shows that, in its first five years of operation, CRE transferred 100,640 consumer complaints to the Customer Assistance Group from other federal and state agencies. Conversely, the OCC referred 61,612 complaints to other federal and state agencies. Figure 8 shows a further breakdown of consumer complaints referred to and from various recipients.

Figure 7: Total Consumer Cases Exchanged by CRE, 2009–2013



Source: Office of Enterprise Governance and the Ombudsman

Figure 8: Consumer Cases Exchanged by CRE, 2009–2013



Source: Office of Enterprise Governance and the Ombudsman

## Bank Appeals Program

The Bank Appeals Program provides a way for banks to appeal OCC decisions and actions arising from supervisory activities. As explained in OCC Bulletin 2013-15, “Bank Appeals Process: Guidance for Bankers,” the appeals process ensures that responses to both formal and informal appeals are fair and expeditious.

Banks may submit formal appeals, without fear of reprisal, of certain OCC decisions and actions, including examination ratings, rulings on the 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. The OCC encourages bankers 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.

The Ombudsman’s office determines within seven calendar days whether to accept a formal appeal and if the matters at issue may be appealed. A formal appeal expressing disagreement with final supervisory conclusions must be made in writing, by the bank’s president or chief executive officer, to the Ombudsman’s office or the Deputy Comptroller of the OCC supervisory office overseeing the bank. To ensure that a bank’s board of directors supports the appeal, the appeal submission must include the board’s approval of the action. Our office aims to issue a written ruling within 45 calendar days of acceptance.

Table 3 shows the number of OCC appeal decisions rendered since 2009. Appeals may be decided in favor of the bank or the OCC supervisory office, or be a split decision between the bank and the OCC supervisory office. During the past five years, our office upheld supervisory office conclusions in 63 percent of cases, upheld bank findings in 9 percent of cases, and issued split decisions in 29 percent of cases. While the average number of annual appeals is modest, most appeals involve numerous appealable matters. In 2013, we rendered decisions on seven formal appeals representing 85 appealable matters. Of these seven formal appeals, four resulted in decisions upholding the OCC supervisory office, while three resulted in split decisions.

**Table 3: History of OCC Bank Appeals Decisions, 2009–2013**

| Decision outcome                 | 2009     | 2010      | 2011     | 2012     | 2013     | Average     |
|----------------------------------|----------|-----------|----------|----------|----------|-------------|
| Upheld bank                      | 0        | 2         | 1        | 0        | 0        | 9%          |
| Upheld OCC supervisory office    | 4        | 7         | 3        | 4        | 4        | 62%         |
| Split decision                   | 0        | 2         | 0        | 5        | 3        | 29%         |
| <b>Total number of decisions</b> | <b>4</b> | <b>11</b> | <b>4</b> | <b>9</b> | <b>7</b> | <b>100%</b> |

Source: Office of Enterprise Governance and the Ombudsman

Most bank appeals involve disagreements over supervisory ratings assigned to banks by OCC examiners under the Uniform Financial Institutions Rating System, which examines six factors referred to as CAMELS. CAMELS stands for capital, asset quality, management, earnings, liquidity, and sensitivity to market risk. Typically, banks also appeal inaccuracies and inconsistencies in the report of examination, matters requiring attention, violations of law or regulation, and loan classifications, including Shared National Credits, which are loans or loan commitments that total \$20 million or more shared between three or more banks.

More information about the OCC Bank Appeals Program is available on [the OCC's Web site](#):

**[Bank Appeals](#)**: OCC Bulletin 2013-15, "[Bank Appeals Process: Guidance for Bankers](#)," dated June 7, 2013, describes the OCC's policy regarding its bank appeals process for national banks and federal savings associations.

**[Bank Appeals Summaries](#)**: These are summaries of individual bank appeals submitted through the OCC's bank appeals process.