

Bad Customer Service is Rampant in Banking by Charles Wendel

Many banks may need to take a pause before getting too focused on becoming “Fintechs” or “digital banks.” First, they should reexamine their fundamental approach to customer service. In many cases they have allowed internal fraud, compliance, and regulatory concerns to push the customer into the back seat, almost making them an afterthought rather than the core of their focus.

I hear stories about abysmal customer service all the time. Here are two of my own recent experiences that seem in line with what others have told me:

The Non-Credit Card. A year ago I obtained a credit card from a client company. An initial problem in getting the card was that the card company could not verify my New York City address even though I had lived on this major street (Bleecker) for over two years. After I went through the process of convincing them that it was a legit address, I received the card.

However, the card seems to be harder to use than it was to obtain. One weekend I was buying an item over the Internet for our new home, put in the card number, and was rejected. At first I assumed that I had entered the wrong numbers. (There was little outstanding on the card.) Eventually, I called the 800 number on the back of the card. However, that company’s recorded message said they were closed over the weekend and to call back Monday. Yikes! Of course I used another card. When I called on Monday the customer service rep said that the transaction was flagged as unusual and, therefore, declined, even though it was a purchase going to my home address. Huh?

More recently, not having learned my lesson, I tried to use the card again for another home-related purchase. It was declined again, but I called right away since I made this attempt during the week. The customer service rep seemed clueless and said he thought it was because I was making a purchase from an out-of-state company...that happens when you buy something over the Internet. After asking me my mother’s maiden name, blood type, children’s favorite rock band (OK, I am exaggerating), instead of approving the transaction, he said he would transfer me to a specialist to resolve this problem that I had not created. After 14 minutes of holding and hearing about the high call volumes (at least no one said my call was important to them), I hung up and used another card.

The bank issuer of this credit card has placed significant focus on leveraging technology and becoming a digital leader. For sure in this one business area and perhaps others, management may need to take a pause, reexamine its practices, and make sure they have a realistic view of how they are serving customers today. The bank avoided being defrauded but also lost two four-figure transactions and customer good will. And, I never would have proceeded to get the card or follow up about the transactions except for my curiosity about the process.

Mortgage Lending Madness. The credit card inconvenience pales in comparison to my recent mortgage experience buying a condo in Miami. Previously, I had two mortgages, one for a NY coop and another for a house. Not having applied for a jumbo mortgage for ten years or more, I had no idea how many hurdles now existed and how the process often borders on humiliating the loan applicant.

One note: with the exception of one close relative and an ex-girlfriend both of whom are in the residential real estate business, my impression is that related to real estate EVERYBODY LIES. As might be expected, real estate brokers exaggerate, hype, and try to create time pressures. But the mortgage loan process is one where prevarication and customer abuse seem most prevalent.

Ultimately, I took a loan from a Texas based credit union of which I am now (for no reason other than to get the loan) a member. It may be legal, but it seems inappropriate for this CU to be doing jumbo loans in Florida. Before I accepted that loan I spoke with a second mortgage broker/lender who assured me that his firm could offer me more \$ at a lower rate. That sounded good to me. Over a multi-month process, I learned that this company would not be the lender, but that they were working with Chase to do the loan.

To say that Chase has a thorough vetting process is an understatement:

- They wanted to see a statement from the IRS that all taxes were current: fair enough and done! They wanted to see the statements showing that the check for those taxes had cleared even though they had an IRS statement that all taxes had been paid. Ok, I guess, done. Then, they wanted to see copies of the cancelled checks even though they had already received an IRS statement and bank statements proving payment. OK, again and done. But, why? The broker blamed Dodd Frank, but that has become a too convenient excuse for bank stupidity or thoughtlessness.
- They also wanted a statement (written for me by the mortgage lender) explaining why a December 2010 mortgage payment had been paid late. So, we made up a reason since I had no memory of this seven-year old event.

Chase continued to ask for other information until, mercifully, they asked for one item I could not physically produce since it involved going to a New York court for a document. I felt relieved when the process stopped even though it was a “long no.”

The broker made my view of the bank worse by at one point during the process writing me: “Chase has a reputation for not caring.” Well, thanks Glenn for bringing me to them. I may be wrong but IMHO the bank was way more concerned about a belt and suspenders approach to lending than serving a credit worth proven borrower. Similarly, the credit card bank was more interested in reducing fraud than in serving a customer’s needs. It may be that the metrics at those banks conflict with customer needs, so the customer loses.

I keep reading how Artificial Intelligence will revolutionize banking, and it is important that banks are focus on AI and similar tools. But first, banks may need to circle back and apply real human intelligence to their banking practices.