

Appendix J

Consumer's Guide To Credit Reporting

(Appropriate for Distribution to Clients)

This consumer's guide to the Fair Credit Reporting Act summarizes for consumers their basic rights under the Act. There are many self-help steps which a consumer may take to assure that his or her credit reports are accurate. This guide is intended to inform consumers about what they may do on their own to protect their own credit histories and reputations. Permission is hereby granted to duplicate this "Consumer's Guide To Credit Reporting" for the purpose of making it available to consumers who may be concerned about their credit reports.

Consumers will also find helpful the Summary of Rights which is reprinted at Appendix E.1, *supra*.

Consumer's Guide to Credit Reporting

If you've ever applied for a charge account, a personal loan, insurance, or a job, some company or person is probably keeping a file on you. This file will likely contain information on where you live and work, how you pay your bills, or whether you've been sued, arrested, or have filed for divorce or bankruptcy.

Companies that gather and sell this information are called "Consumer Reporting Agencies" or "Credit Bureaus." The information sold by Consumer Reporting Agencies to creditors,¹ employers, insurers, and other businesses is called a "consumer report." Consumer reports generally contain information about where you work and live and about your bill-paying habits.

In 1970, Congress created the Fair Credit Reporting Act, a law which gives consumers specific rights in dealing with Consumer Reporting Agencies. The Fair Credit Reporting Act protects you by requiring that Consumer Reporting Agencies furnish correct and complete information to businesses for use in evaluating your application for credit, insurance, or a job.

The Fair Credit Reporting Act is enforced by the Federal Trade Commission and state Attorneys General. The Act is designed to promote accuracy and ensure the privacy of the information used in consumer reports. In 1996, amendments to the Act expanded your rights and placed additional requirements on Consumer Reporting Agencies, businesses that supply information about you to Consumer Reporting Agencies, and those that use consumer reports. Note that you may have additional rights under state laws. Contact your state Attorney General or local consumer protection agency for more information.

Here are answers to some common questions about consumers reports and Consumer Reporting Agencies.

How do I find the Consumer Credit Reporting Agency that has my file?

Contact the Consumer Reporting Agencies listed in the Yellow Pages under "credit" or "credit rating and reporting." Because more than one Consumer Reporting Agency may have a file on you, call each one until you locate all the agencies maintaining your file.

The three major national credit bureaus are:

Equifax
800-685-1111
www.equifax.com

Experian
888-EXPERIAN (888-397-3742)
www.experian.com

Trans Union
800-916-8800
www.transunion.com

If your application for credit, insurance or a job was denied because of information supplied by a Consumer Reporting Agency, the company that denied your application must provide you with the name, address and telephone numbers of the Consumer Reporting Agency that provided the report.

Was I denied credit because of a "bad credit report"?

If you applied for and were denied credit, the Equal Credit Opportunity Act requires the creditor who denied you credit to tell you the specific reasons for your denial. For example, the creditor must tell you whether the denial was because you have "no credit file" with a Consumer Reporting Agency or because the Consumer Reporting Agency says you have "delinquent obligations." This law also requires that creditors consider, upon your request, additional information you might supply about your credit history.

Do I have the right to know what the report says?

Yes, if you request it. The Consumer Reporting Agency is required to give you all the information in your report, including medical information, and, in most cases, the sources of that information. However, the Consumer Reporting Agency is not required to reveal any credit score or risk evaluation. You also have the right to be told upon request the name of anyone who received a report on you in the past 12 months, and you may also request the address and phone number of each such person. (If your inquiry concerns a job application, you can get the names of those who received a report during the past two years.) The Consumer Reporting Agency will also provide you with a written summary of your rights under the Fair Credit Reporting Act.

Is this information free?

Yes, in certain circumstances. If your application was denied because of information furnished by the Consumer Reporting Agency, and if you request a copy of your report within 60 days of receiving the denial notice you are entitled to the information without charge. You are also entitled to one free report once in any 12 month period, if you certify in writing that you:

- Are unemployed and intend to apply for a job in the next 60 days;
- Are receiving public welfare assistance; or
- Believe that your report is wrong due to fraud.

If you don't meet one of these requirements, the Consumer Reporting Agency may charge a reasonable fee, up to \$9.00 for a copy of your report. In some states, Consumer Reporting Agencies are required to provide consumers a free report or a report at a reduced fee, in accordance with state law.

¹ Creditors often include credit card companies, landlords, department stores, essentially anyone to whom you owe money.

Do I have to go in person to get the information?

No, you may also request information over the phone. But before the Consumer Reporting Agency will provide any information, you may have to establish your identity by completing forms they will send you. If you do wish to visit in person, you'll need to make an appointment.

What can I do if the information is inaccurate or incomplete?

Both the Consumer Reporting Agency and the information provider have responsibilities for correcting inaccurate or incomplete information in your report. To protect all your rights under this law, contact both the Consumer Reporting Agency and the information provider.

First, tell the Consumer Reporting Agency in writing what information you believe is inaccurate. The agency probably has a toll-free telephone number. Be specific as possible. The Consumer Reporting Agency must reinvestigate the items in question—usually within 30 days—unless they consider your dispute frivolous. They also must forward all relevant data you provide about the dispute to the information provider. After the information provider receives notice of a dispute from the Consumer Reporting Agency, it must investigate, review all relevant information provided by the Consumer Reporting Agency, and report the results to the Consumer Reporting Agency. If the information provider finds the disputed information to be inaccurate, it must notify all nationwide Consumer Reporting Agencies so that they can correct this information in your file. (Job applicants can have corrected reports sent to anyone who received a copy during the past two years.)

When the reinvestigation is complete, the Consumer Reporting Agency must give you the written results and a free copy of your report if the dispute results in a change. If an item is changed or removed, the Consumer Reporting Agency cannot put the disputed information back in your file unless the information provider verifies its accuracy and completeness, and the Consumer Reporting Agency gives you a written notice that includes the name, address, and phone number of the provider.

Second, tell the creditor or other information provider in writing that you dispute an item. Many providers specify an address for disputes. If the provider then reports the item to any Consumer Reporting Agency, it must include a notice of your dispute. In addition, if you are correct—that is, if the information is inaccurate—the information provider may not use it again.

What can I do if the Consumer Reporting Agency won't modify the report?

The new investigation may not resolve your dispute with the Consumer Reporting Agency. If this happens, have the Consumer Reporting Agency include your version of the disputed information in your file and in future reports. You

may submit a written statement of any length to be included in your file, although if the Consumer Reporting Agency helps consumers write a clear summary of the dispute, the statement may be limited to 100 words. At your request, the Consumer Reporting Agency will also show your version or a summary of your version to anyone who recently received a copy of the old report. There is no charge for this service if it's requested within 30 days after you receive notice of your application denial. After that, there may be a reasonable charge.

Can my employer get my report?

Only if you say it's okay. A Consumer Reporting Agency may not supply information about you to your employer, or to a prospective employer, without your consent.

Can creditors, employers, or insurers get a report that contains medical information about me?

Not without your approval.

How long can a Consumer Reporting Agency report negative information?

Generally seven years. Adverse information can't be reported after that, with certain exceptions:

- Information about criminal convictions may be reported without any time limitation.
- Bankruptcy information may be reported for 10 years.
- Information reported in response to an application for a job with a salary of more than \$75,000 has no time limit.
- Information reported because of an application for more than \$150,000 worth of credit or life insurance has no time limit.
- Information about a lawsuit or an unpaid judgment against you can be reported for seven years or until the statute of limitations runs out, whichever is longer.

What should I know about "investigative consumer reports"?

"Investigative consumer reports" are detailed reports that involve interviews with your neighbors or acquaintances about your lifestyle, character, and reputation. They may be used in connection with insurance and employment applications. You'll be notified in writing when a company orders such a report. The notice will explain your right to request certain information about the report from the company you applied to. If your application is rejected, you may get additional information from the Consumer Reporting Agencies. However, the consumer reporting agencies does not have to reveal the sources of the information.

Are reports prepared on insurance and job applicants different?

If a report is prepared on you in response to an insurance or job application, it may be an Investigative Consumer

Report. These are much more detailed than regular consumer reports. They often involve interviews with acquaintances about your lifestyle, character, and reputation. Unlike regular consumer reports, you'll be notified in writing when a company orders an investigative report about you. This notice will also explain your right to ask for additional information about the report from the company you applied to, or you may prefer to obtain a complete disclosure by contacting the Consumer Reporting Agency. Note that the Consumer Reporting Agency does not have to reveal the sources of the investigative information.

If an employer intends to take any adverse action against you based on a consumer report, whether or not it is an investigative consumer report, the employer must first give you a copy of your report and a summary of your rights under the Federal Fair Credit Reporting Act.

Do I have to be told before someone asks for a report about me?

No, a person may request a consumer report without telling you. However, a Consumer Reporting Agency may not provide a consumer report to an employer unless the employer has your written permission. Also, your written permission is needed before medical information may be reported by a Consumer Reporting Agency for credit, insurance, or employment purposes.

Can anyone get a copy of my report?

No. Only people with a legitimate business need, as recognized by the Fair Credit Reporting Act. For example, a company is allowed to get your report if you apply for credit, insurance, employment, or to rent an apartment.

How can I stop a Consumer Reporting Agency from including me on lists for unsolicited credit and insurance offers?

Creditors and insurers may use Consumer Reporting Agency's file information as a basis for sending you unsolicited offers. These offers must include a toll-free number for you to call if you want to remove your name and address from lists for two years; completing a form that the Consumer Reporting Agency provides for this purpose will keep your name off the lists permanently.

Do I have the right to sue for damages?

You may sue a Consumer Reporting Agency, a user or—in some cases—a provider of Consumer Reporting Agency data, in state or federal court for most violations of the Fair Credit Reporting Act. If you win, the defendant will have to pay damages and reimburse you for attorney fees to the extent ordered by the court.

Are there other laws I should know about?

Yes. If your credit application was denied, the Equal Credit Opportunity Act requires creditors to specify why—if you ask. For example, the creditor must tell you whether you were denied because you have “no credit file” with a Consumer Reporting Agency or because the Consumer Reporting Agency says you have “delinquent obligations.” The ECOA also requires creditors to consider additional information you might supply about your credit history. You may want to find out why the creditor denied your application before you contact the Consumer Reporting Agency. You may also want to find out about your rights under any state or local credit reporting laws and regulations.

What if I think a Consumer Reporting Agency has violated my rights under the law?

You may wish to seek the advice of an attorney. In some cases, but not always, a Consumer Reporting Agency or other person who has violated the Fair Credit Reporting Act must pay damages and your attorney's fee.

Although the Federal Trade Commission can't act as your lawyer in private disputes, information about your experiences and concerns is vital to the enforcement of the Fair Credit Reporting Act. Please send questions or complaints to the Consumer Response Center—FCRA, FTC, Washington, DC 20580.

Adapted from material prepared by the Federal Trade Commission.

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