

Comment #4

From: Dianne Wilkman
Sent: Wednesday, December 15, 2004 9:50 PM
To: AccuracyPilotStudy
Subject: Accuracy Pilot Study: Paperwork Comment

December 15, 2004

Donald S. Clark, Secretary

Federal Trade Commission

Room H-159 (Annex Y)

600 Pennsylvania Avenue, NW

Washington, DC 20580

Submitted by e-mail: AccuracyPilotStudy@ftc.gov <mailto:AccuracyPilotStudy@ftc.gov>

RE: Accuracy Pilot Study: Paperwork Comment

Dear Secretary Clark:

Introduction

Springboard Nonprofit Consumer Credit Management is grateful for the opportunity to submit the following comments about the Commission's Accuracy Pilot Study. Springboard is a nonprofit education and credit counseling organization founded in 1974. We offer assistance with financial literacy and self empowerment through confidential counseling and remediation programs for financially troubled individuals. We have seen many thousands of consumers with credit issues in our 30 year history. Our experience with consumer credit reports confirms the results of the recent Public Interest Research Group (PIRG) study "Mistakes Do Happen: A Look at Errors in Consumer Credit Reports" in which it was found "one in four credit reports contains errors serious enough to cause consumers to be denied credit, a loan, an apartment or home loan or even a job." We also were gratified to see the recent study of the Federal Reserve Bank "Credit Report Accuracy and Access to Credit" in identifying the many types of data integrity issues in credit reports. Springboard has been in a good position to witness many post-bankruptcy and identity theft reporting snafus and errors in particular.

We applaud any efforts that will improve the accuracy of credit reports and the integrity of scoring models, and that will also improve and simplify how we handle inaccuracies and even gray area disputes on our credit reports. People take their credit reports and their credit scores very personally. We hope that the corporate players in the U.S. credit system are seeing the slow but sure trend of people "taking back their credit life" and how technology is enhancing this trend. We'd like to see them implement policies and business models that not only get ahead of this trend, but capitalize on it instead of trying to thwart it. The connection of this to the proposed Study is your focus - as we understand it - on gauging how difficult it is for people to obtain, understand, and correct inaccurate information in their credit reports on a "do-it-yourself" basis.

Regarding the proposed Study of 35 consumers, there's really not enough information provided in the Federal Register notice to provide a judgement on how the designated "contractor" will interact with the bureaus, the consumers themselves, and other crucial aspects of its experimental design. In general, we hope that full details of the conduct of

the Study are released and that the assumptions going into the study as well as any survey instruments are fully disclosed.

Based on our experience, we can assure you that many Americans do not even proceed with applying for credit because they are stymied by perceptions that foster discouragement from the outset. They "self select " out of much of the U.S. credit system, not venturing out to risk potential embarrassment of being declined. These perceptions of obstacles include but are not limited to a) needing a large downpayment, b) fear that only high interest rates will be available, c) fear of stale negative items - even old ones that are outside the statutes of limitations. Although it may be counterintuitive to CRA and lender thought processes, the more easily consumers can obtain, understand and correct their information then perhaps the more opportunity for new business that could be available as people feel empowered to step forward. This is difficult to quantify but many have already recognized the elements of opportunity in those millions of "thin files" documented by the Commission's Report to Congress...Fair and Accurate Credit Transactions Act (December 2004).

How would the Study's objective(s) be measured and the surrounding issues and assumptions framed?

We would be concerned that the ultimate objective of this study, perhaps inadvertent, is to validate that all the mechanisms needed are already in place for credit report correction and that the "do-it-yourself" model is the only valid one. This would perpetuate the credit industry's heretofore successful indoctrination that all third party credit report reviewers and correction advocates are somehow "dirty". It might miss the point that access to professional and low cost credit correction services is a valid public need, just as access to tax preparation is a valid need. Also, although the steps to correcting stale and inaccurate items on an actual credit report are fairly cut and dried, there are ways to affect one's credit score that are more arcane and that do not even involve disputing items on the underlying report. There are more self help books and internet message boards than ever before that provide excellent advice, but that's still a "self-study" model and somebody leading a typical busy work and family life can be easily overwhelmed. Will this study be constructed to prove that the system is adequate "as is"?

We can verify that correcting one's credit report has become much easier in the past few years and we applaud the advancements in user friendliness on the part of the credit reporting agencies. However, deliberate manipulations on the part of certain creditors exemplified by credit limit omissions, non-reporting by some lenders (which doesn't give you credit that's due), costly proprietary schemes like "Rapid Rescore", and all manner of FCRA violations on the part of junk debt buyers and the like have frayed the integrity of the whole system. Again, as we understand it, under the proposed methodology the contractor will assist the participants in obtaining, understanding, and resolving disputes with their credit reports. From this the FTC will make certain conclusions about obstacles faced by consumers. We are doubtful about the usefulness of any conclusions about "difficulty" drawn from this process since learning on one's own about the technical and sometimes highly legalistic aspects of credit correction and credit score improvement is a tall order for the short time periods proposed by the Study. This is a point that we hope is not be lost in the overall concept of the Study.

Again, thank you for the opportunity to provide these comments.

Dianne L. Wilkman
President/CEO
Springboard Nonprofit Consumer Credit Management

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About Springboard Nonprofit Consumer Credit Management
Springboard, a nonprofit credit counseling and education organization founded in 1974, offers assistance with financial literacy and self empowerment through confidential counseling and education programs for financially troubled consumers. Springboard is accredited by the Council on Accreditation of Services for Families and Children, signifying

high standards for agency governance, fiscal integrity, counselor certification and service delivery policies that ensure low-cost confidential services performed in an ethical manner. Springboard is a member of the National Foundation for Credit Counseling and is a HUD approved housing counseling agency. Springboard has counseling locations throughout Southern California offering face-to-face, online and nationwide phone counseling services for debt management, credit report correction, and money management education.