



December 28, 2004

Experian  
475 Anton Boulevard  
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Federal Trade Commission  
Office of the Secretary  
Room H-159 (Annex Y)  
600 Pennsylvania Avenue, NW  
Washington, D.C. 20580

**RE: Pilot Study of credit report accuracy and completeness**

As one of the nation's leading credit reporting agencies, Experian<sup>1</sup> appreciates the significant challenges the Federal Trade Commission faces in developing a meaningful methodology for measuring the accuracy and completeness of credit reports, and the impact of those issues on consumers' ability to obtain credit services. Experian concurs with the comments submitted by the Consumer Data Industry Association (CDIA) and thanks the Commission for the opportunity to provide these additional comments regarding the proposed pilot study of credit report accuracy and completeness.

Experian strongly supports the CDIA's contention that the terms "accuracy" and "completeness" must be clearly defined, and that agreement with respect to the meaning of these terms among a broad range of parties must be secured before the study is undertaken. The definitions of these terms are the basis for the pilot study and any full study to follow. If they are not widely accepted, the validity of the study's conclusions will be undermined. This is a difficult task, but essential to achieving valid and widely accepted findings.

Indeed, implementation of the study will hinge on these definitions. As stressed in the CDIA comments, the definitions utilized in the pilot and any future study must reflect the realities of the credit reporting process. For example, the definition of "completeness" must consider differences in when data furnishers report information and, as a result, when the various repositories update that information. Put differently, comparison of credit reports may on the surface suggest one is "less complete" than another, when in fact, the differences are simply a timing issue.

The CDIA's comments also were prescient regarding the stated purpose of the pilot. If the primary objective of the pilot is to assess "the degree of difficulty, and the types of difficulties, with which each of the above tasks was performed" by the participants, the pilot will be of little or no value in establishing methodology for a meaningful national study. Achieving this stated objective will reveal whether information can be collected and how quickly, but it will not lend insight into whether or not the information gathered is reliable or valid with regard to the accuracy and completeness of credit reports. The most important objective of the pilot should be to determine whether the techniques used yield reliable data that enable substantive evaluation of the issues being studied. If the results of the study show only that some people can efficiently make a few telephone calls, ask some questions and get some answers, the Commission will have wasted its time and taxpayer dollars.

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<sup>1</sup> Experian Information Solutions, Inc. (Experian) is a leader in providing information solutions to organizations and consumers. We help organizations find, develop and manage profitable customer relationships by providing information, decision-making solutions and processing services. We empower consumers to understand, manage and protect their personal information and assets. Experian works with clients across diverse industries. Its U.S. headquarters are in Costa Mesa, Calif.



A telephone survey approach for collecting data is a widely accepted survey technique that can be quite effective. However, there are important issues unique to the subject of this study that require careful consideration to ensure accurate, unbiased and relevant information is obtained.

The Commission has proposed that contracted “coaches” assist consumers in determining whether their reports contain inaccuracies or are complete. This approach raises a number of concerns. First among them is that said coaches will, presumably, base their advice on the Commission’s definitions of accuracy and completeness. If those definitions are not correct, the coaching advice will render the findings of the study invalid from the start.

Indeed, the Commission indicates these “expert coaches” will be tasked with identifying “material differences” among credit reports and educating consumers about the information in the credit report. This begs the question, “Who will coach the coaches?”

Consumer assistance representatives at the national credit reporting agencies undergo months of training to understand the complexities of the credit reporting process and to be able to speak to consumers intelligently about issues they may have. The survey “coaches” must have sufficient training from qualified experts to ensure they do not provide inaccurate or misleading information, or give advice based on personal biases that would skew the survey results.

CDIA comments also raise a critical issue related to the use of credit scores, or more specifically a credit score, for analysis of the impact of issues related to accuracy and completeness. Experian supports the positions put forward in the CDIA’s comments. The Commission’s approach of using a single credit scoring model to make broad generalizations about the impact of overall accuracy and completeness issues on lending decisions is flawed. This approach appears to be based in a common myth that a consumer has a single credit score.

In fact, there are thousands of different credit scoring systems that weigh credit report data differently depending on the type of transaction and risk tolerance of the lender. Because a particular issue may have little or no impact on other scoring systems or in other lending contexts, conclusions regarding the impact of the issue can be drawn only with regard to the scoring system used by the Commission. Said differently, conclusions about the impact of any accuracy or completeness issue on the scoring system used by the Commission cannot necessarily be extrapolated across all scoring systems or lending situations. As a result, any generalized conclusions drawn from a single scoring model may be suspect.

Clearly, the Commission has been tasked with a daunting responsibility. It is right to take a deliberate and very thoughtful approach. Experian would refer the Commission to the extensive comments submitted by the CDIA on behalf of our industry for thorough discussion of these and other issues. Thank you for the opportunity to submit these additional comments for consideration.

Sincerely,

A handwritten signature in blue ink that reads "Jason Engel".

Jason Engel  
Vice President &  
Assistant General Counsel