

Attention:

Federal Trade Commission/Office of the Secretary
Room H-159 (Annex N)
600 Pennsylvania Avenue
Washington, D.C. 20580

Re: FACT Act Scores Study, Matter No. P044804

First of all, I would like to praise the passing of the FACT Act into law. The overall basis of the new law is a benefit for all Americans. The provisions for identity theft and establishing the procedures for correcting identity theft gives the consumer a fighting chance in this growing area of concern. Another great section of this law is the ability for all Americans to receive a copy of their credit report for free once a year. Also, the protection to consumers and how their information may be used has provided a much needed benefit as well. Public awareness and consumer education, however seem to be lacking in this arena, and hopefully there will be a large public announcement throughout the regions, once consumers are eligible to receive their free credit reports.

The negatives to the FACT Act can be explained in the first two words of this law, (Fair and Accurate). It is my belief that the credit scoring system would work much more efficient if these two terms were complied with throughout the credit reporting process. The problem is with many consumers and their ability to obtain Fair credit terms. I cannot express enough how much this area is lacking in reporting and the ability to get correct information reported to an individual credit file. It has been estimated that anywhere from forty to as high as seventy percent of credit files contain errors. This is an absolute true fact, and these errors are denying consumers the rights to not only availability of credit, but also the terms (interest rates) that they are charged.

Another negative to the FACT Act has been the reluctance since the passage of the Act to investigate consumer disputes by the creditors. For example, when an errant posting is applied to a credit file, and the consumer disputes the information within the guidelines of FCRA, the creditor is now sending the consumer an Identity Theft Disclosure to sign. Identity theft has not occurred in 99% of these situations. It is the wrong trade line being inserted into the wrong consumers file. That is not identity theft. It is negligence on the part of credit reporting from the creditor agencies, or negligence on the part of Credit Reporting Agencies to get the information to the correct consumer file. It now seems that a loophole has been created for these agencies to not correct the consumer file. This is causing extreme difficulties in getting a correct score and true reflection of a borrowers credit habits. I am hoping that this area will be addressed in more detail over the next year as the FACT Act study progresses over the next year.

Now to the specific questions and details:

1) How should the effects of credit scores and credit based insurance scores on the price and availability of mortgages, auto loans, credit cards, other credit products, and property and casualty insurance be studied?

For some credit scores have been a saving grace to obtaining credit. Just how fair the scoring system is, is another topic in itself. If the credit reporting of accounts contained accurate information, then maybe credit scoring could be a fairer system. The credit reporting issues can cause very detrimental harm to consumers who have errors on their credit reports. Estimates range from forty percent to as high as seventy percent of credit reports contain errors.

If a creditor is to report data to the credit reporting agencies then this information must be accurate. I have recently viewed a "new" scoring model at the request of a large credit card issuer, which if approved, would not require the reporting of high credit balances on the consumer trade line. The way I understand it, the FTC stepped in and halted this proposal, and almost immediately the credit card issuer (The one I suspect), has gone

