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Corporate Compliance

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Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, DC 20551
(via regs.comments@federalreserve.gov)

RE: Docket No. OP-1209 - FACT Act section 313(b) Study

BB&T Corporation ("BB&T") appreciates the opportunity to comment on the Federal Reserve System's proposed study regarding investigations by furnishers of consumer information to consumer reporting agencies when that information is disputed. BB&T is a regional financial holding company with numerous banks and non-bank subsidiaries. Our comments are as follows:

The Federal Reserve System is studying the potential impact on a number of issues relating to the prompt investigation, completeness, and correction or deletion of information reported to credit reporting agencies. In conducting the study, the Federal Reserve Board is requesting public comment on the following issues:

GENERAL INFORMATION

1. What type of entity reports negative and/or positive information to a consumer reporting agency and what type of entity does not report negative and/or positive information to a consumer reporting agency? If an entity does not report information to a consumer reporting agency, why not?

BB&T is a regional financial holding company with numerous banks and non-bank subsidiaries. The banks and subsidiaries may or may not report negative and or positive information to a consumer reporting agency depending on the specific product line offered. If the specific product line already reports information regularly in the ordinary course of business and is an industry standard, they will continue to do so. BB&T offers a full line of products.

2. Of all disputes received by the furnisher, what percentage of the disputes or complaints comes through a consumer reporting agency? What percentage comes directly from consumers? What percentage comes from other sources (e.g., credit repair entities)?

An estimate would be that 80% of disputes or complaints comes through a consumer reporting agency, 19.5% comes directly from consumers, and .5% comes from other sources.

3. Do the answers to the questions below vary based on industry, size of entity, type of credit, or other characteristics? Are there any generalizations that can be made based on industry, size of entity, type of credit, or other characteristics?

We have no means to even generalize if the answers to the questions below vary based on these characteristics.

DISPUTES COMMUNICATED BY CONSUMERS DIRECTLY TO FURNISHERS

1. Does the furnisher provide an address for consumers to use if they want to dispute information directly with the furnisher? If not, why? If an address is provided, how is the consumer informed about this address?

As part of the Equal Credit Opportunity Act, we already provide the name and address of the bank on our notifications. We have voluntarily established procedures at these locations on how to handle credit report disputes that come directly from the consumer. We feel this process is effective and believe most clients already utilize our branch locations and call centers without the need for any formal notice of where the customer should report credit disputes. In fact, we feel the most appropriate address to publicly disclose is the location of the three major credit reporting agencies.

Furnishers are not in the business of managing credit files or the credit system and any regulatory requirement that would encourage customers to utilize furnishers instead of credit reporting agencies for handling disputes would not only confuse customers but also jeopardize the accuracy and integrity of the current dispute process.

2. Regardless of whether an address is provided, what is the furnisher's process and timeline in handling disputes and complaints that come directly from consumers? Under what circumstances do furnishers currently investigate disputes regarding information in a consumer file, based on a direct request of the consumer?

The bank handles the disputes within a timely manner. Some cases require a review of the customers' entire payment history, which can be time consuming. We handle any dispute that comes directly from the consumer if it is information we reported to the credit reporting agency and the account in question is an account with our bank.

Even furnishers with the best procedures will always have delays from the point of customer contact until the dispute reaches the department that communicates directly with the credit reporting agency. Again, the most efficient process is for customers to dispute directly with the credit reporting agency. The regulators cannot expect furnishers to mirror the dispute requirement set for credit reporting agencies. Considerations need to be made, for example, furnishers should not begin the 30-day period dispute process until the date on which the furnisher has the opportunity to inform the credit reporting agency of the existence of a dispute. No dispute should be handled strictly by a furnisher, with the exception of frivolous or irrelevant disputes, without first notifying the credit reporting agency. Furnishers need to assist the credit reporting agency in achieving accuracy and not take on a larger role in the dispute process.

3. Is sufficient relevant information provided to the furnisher by the consumer? If not, what relevant information is often missing, and why? If relevant information is lacking, how does the furnisher resolve the dispute?

Most furnishers have a customer contact location that handles the customer's reporting of a dispute and a backroom location that handles disputes directly with the credit reporting agency. We have dual departments for the simple reason we are not in the business of managing credit files or the credit system. The customer contact location only records what the customer provides them which does not always include sufficient relevant information such as the customer's name on our account, address of our account holder, complete account number and social security number.

The furnishers dispute department, who only have access to their internal credit records, will try to handle the research with the information provided. If they are unable to locate the information, the customer is directed to dispute directly through the consumer reporting agency. In many cases, the account in question is not with our entity or the customer's concerns have to do with information they received on their credit report and the most appropriate place to start this process is with the credit reporting agency.

4. What are consumers' experiences in resolving a dispute where the furnisher provided an address? What are their experiences locating and using this address to resolve their dispute?

We have not received any feedback from consumers on a desire to provide an address.

5. What are consumers' experiences in resolving disputes where the furnisher does not provide an address? How were the disputes resolved and what entity or person (e.g., furnisher, consumer reporting agency, credit repair entity, legal representative, etc.) was instrumental in resolving the dispute?

We have not received any feedback from consumers on a desire to provide an address or a problem with our current dispute process.

OTHER FURNISHER DUTIES

1. How does the furnisher ensure that it complies with the applicable statutory requirements regarding the accuracy and completeness of information it reports to the consumer reporting agency?

BB&T takes the applicable statutory requirements very seriously and believes in the spirit of the Fact Act to avoid identity theft and to ensure accurate and complete information is reported on the credit system. We also believe that the regulations should show consideration to the fact that we are limited in our ability to manage the credit file or credit system. We have policies and procedures in place to make sure the information we report to the consumer reporting agency accurately reflects our internal records. For an entity the size of BB&T, we do a good job at monitoring exceptions which is a normal part of our automated process. We have very few accuracy and completeness of information issues and deal mainly with repeat disputes and timing issues. Even though we send out customer statements, report information to the credit reporting agency and receive customer disputes within the timing requirements, these actions do not all happen at the same time, which is the primary cause of the timing issues.

2. What are the furnisher's procedures and timelines if it finds the information is not complete or accurate?

When dealing directly with the consumer reporting agency, the recommended response time is thirty days or less. The expiration date is provided by the consumer reporting agency through their automated system E-Oscar. We not only provide the consumer reporting agency corrected information through E-Oscar but we also correct the information on our internal systems which is provided on the next file that is sent to the credit reporting agency.

3. What are the furnisher's procedures and timelines for reporting information that has been directly disputed by a consumer?

When dealing with information that has been directly disputed by a consumer, we follow the same timelines as used when dealing directly with the consumer reporting agency. Currently we only receive 20% of our disputes directly from a consumer. The recommended response time is thirty days or less even though we still communicate the results back to the consumer reporting agency. Consideration needs to be given for the extended time needed for a furnisher to process a dispute directly from a customer versus having it sent to us by the credit reporting agency.

4. What are the furnisher's procedures and timelines for reporting when a delinquency began on an account that has been placed for collection, charged off, or subjected to similar action?

Not clear what you are asking? Procedures and timelines for disputes or the bank's procedure and timelines for reporting collection, charge off or similar action?

5. What are the furnisher's procedures and timelines for notifying a consumer reporting agency that a consumer has voluntarily closed a credit account with the furnisher?

If the particular credit product line regularly and in the ordinary course of business furnishes information to a consumer reporting agency, we report when our credit account has been closed. We currently do not consider this part of our dispute process and cannot determine if the credit account was closed "voluntarily" by our customer. We accurately report closed information on our internal systems which is provided on the next file that is sent to the credit reporting agency along with all the other required information on these accounts.

6. What are consumers' experience with communicating with furnishers, with the timing of the notice of dispute appearing on the credit report, or any other matter related to having the notice of dispute placed on the credit report when disputed information continues to be reported but with a notice of the dispute?

We have not received any experience feedback from consumers.

7. What are consumers' experiences with furnishers reporting that credit accounts with the furnishers have been voluntarily closed? What is the time span between the consumer closing the account and information about the closure appearing on the credit report?

We have not received any experience feedback from consumers.

DISPUTES COMMUNICATED BY CONSUMER REPORTING AGENCIES

1. When a consumer reporting agency receives notice of consumer disputes and forwards the information to the furnisher, how does the consumer reporting agency provide the furnisher with the notices and relevant information? What information does the consumer reporting agency transmit to the furnisher? Describe any guidelines or procedures, voluntary or otherwise, that apply to this process.

As a furnisher, we will let the credit reporting agencies answer these questions.

2. How does a consumer reporting agency ensure that furnishers comply with the requirements and timelines established under the FCRA for disputes communicated to a consumer reporting agency?

As a furnisher, we will let the credit reporting agencies answer these questions.

3. What are the furnisher's procedures and timelines for investigating the disputes and reviewing the information provided?

The furnisher, when dealing directly with the consumer reporting agency, is expected to respond before the 30-day time frame has expired. The expiration date is provided by the consumer reporting agency.

4. Is sufficient relevant information provided to the furnisher by the consumer through the consumer reporting agency? Is all relevant information from a consumer provided to the furnisher through the consumer reporting agency? If not, what relevant information is often missing, and why? If relevant information is lacking, how does the furnisher resolve the dispute?

The consumer reporting agency does not always provide sufficient relevant information to the furnisher. The consumer does not always provide the consumer reporting agency sufficient relevant information. The consumer reporting agency, who has access to the consumer credit file, reports to the furnisher information they received from the customer.

As a user of the credit bureau agency E-Oscar, we see trends where the account status or account type is not provided. The dispute code often conflicts with or does not appear related to the comment from the consumer found in the FCRA relevant account information. The furnisher essentially has to verify the provided information as well as the missing information. The automated format will not allow the furnisher to respond without completing required sections that the consumer reporting agency may have left void.

In many cases it is not that the information is lacking but that the information provided by the consumer does not match the information on the furnisher's internal records. If the furnisher has enough relevant information to identify the internal accounts the dispute is reviewed for accuracy. The point of customer contact was made by the credit reporting agency and not the furnisher so considerations need to be made when addressing the responsibilities of the furnisher.

5. If the furnisher finds that the information it reported to the consumer reporting agency was incomplete or inaccurate, what steps does the furnisher take?

The furnisher makes the appropriate notations on the E-Oscar response form sent back to the consumer reporting agency. We ensure that any necessary corrections are made on our internal systems, which is corrected on the next file that is sent to the credit reporting agency.

6. If the furnisher does not find the information reported to the consumer reporting agency to be incomplete or inaccurate, what steps does the furnisher take?

The furnisher notes the information on our internal records is correct on the E-Oscar response sent back to the consumer reporting agency.

7. Describe any guidelines or procedures that may apply to the treatment of information that continues to be disputed by the consumer after the formal dispute process has been concluded. How often do the furnisher and consumer fail to reach an agreement after the conclusion of the formal dispute process, for example, where the consumer maintains that the disputed information is inaccurate and the furnisher maintains that it is accurate?

The furnisher and the consumer are normally able to reach an agreement about what should/should not be reported. In order for the furnisher to report derogatory information, the entity must be able to prove the validity of the information in its entirety. The furnisher must also have documentation to support this evidence.

When dealing directly with the consumer, this does not happen very often and when it does, it is often when the consumer disagrees with the furnisher's resolution. Furnishers are seeing a higher number of repeat disputes from credit repair organizations or consumers acting on 3rd party advice. The regulation should not unintentionally create an environment where a few individuals can abuse the dispute process to reduce the integrity of the information reported to the credit reporting agency.

RECOMMENDATIONS

1. What, if any, legislative or regulatory changes do you recommend besides changes made by the FACT Act and its implementing rules? How would these recommendations improve the system? What benefits or burdens should be considered?

As a furnisher, we are dependent on the Consumer Data Industry Association (CDIA) E-Oscar, which is the industry standard. While this is not a regulatory issue, there is a need for CDIA to solicit feedback from the different furnishers such as banking industries, mortgage companies and collection agencies prior to making changes to the system. It would also be very helpful to solicit feedback from the furnishers once the new regulations are in place to determine if they are working accurately and sufficiently.

When writing regulations, it would be helpful to consider the differences in credit bureau agencies and furnishers and the differences among furnishers themselves. No regulations are needed besides the changes already made by the Fact Act. There needs to be awareness from the agencies that write the implementing rules that the manner in which rules are written may reduce the identity theft benefits and burden the consumers it is intended to protect. For BB&T, our major concern is the burden to the consumer that would prevent us from or slow the process of providing credit to customers.

Thank you for the opportunity to provide these comments. We understand the difficulty of prescribing a regulation that is necessary and appropriate to protect legitimate business needs with respect to consumers disputing credit report information. We commend you for trying to write a regulation that benefits all.

Sincerely,

Mark D. Vaughn
Vice President and
Corporate Compliance Officer, CRCM