Before the
FEDERAL TRADE COMMISSION
Washington, D.C. 20580

In the Matter of	)	
	)	
Procedures to Enhance the Accuracy and	)	Project No. R611017
Integrity of Information Furnished to Consumer	)	
Reporting Agencies Under Section 312 of the	)	
Fair and Accurate Credit Transactions Act	)	
	)	

COMMENTS OF VERIZON[1]

On July 1, 2009, the Federal Trade Commission (FTC) issued the final rules to implement the accuracy and integrity provisions in Section 312 of the Fair and Accurate Credit Transactions Act of 2003, as well as an Advance Notice of Proposed Rulemaking (ANPR).[2] In implementing guidelines regarding the accuracy and integrity of the information that companies furnish to a consumer reporting agency, the FTC should not require furnishers of information to include the account opening date on credit reports or establish a definition of "account opening date" that all furnishers must use. Instead, the FTC should permit furnishers of information to determine whether the inclusion of account opening date, as defined by that furnisher's own business practices, is appropriate to meet the requirements to report with accuracy and integrity.

Under the final rule issued on July 1, 2009, implementing certain guidelines under Section 623 of the Fair Credit Reporting Act, furnishers of information, such as Verizon, must establish and implement reasonable written policies and procedures regarding the

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[1] The Verizon companies participating in this filing are the regulated, wholly owned subsidiaries of Verizon Communications Inc. ("Verizon").

[2] *See* 74 FR 31529 (July 1, 2009).

accuracy and integrity of the consumer information that they provide to a consumer reporting agency.[3] The final rule requires furnishers to consider certain guidelines in developing those policies and procedures and incorporate the guidelines *as appropriate*. The guidelines require a furnisher to consider both the type of business activities in which the furnisher engages and the nature and frequency of the information the furnisher provides to the consumer reporting agencies.

When deciding whether to require any additional elements to the accuracy and integrity guidelines, the FTC should consider whether imposing new reporting requirements on companies that furnish information would substantially improve the accuracy of a customer's credit score, while minimizing the costs imposed on furnishers to implement them. A requirement to furnish the account opening date does not necessarily achieve those goals when applied to *every* furnisher of information. Instead, each furnisher of information should determine whether the inclusion of account opening date is necessary to meet the accuracy and integrity rule in accordance with its own business practices and type of reporting, consistent with the guidelines already implemented by the FTC.

All creditors do not report in the same fashion. There can be important differences between what should be furnished by a creditor who engages in full file reporting (such as a mortgage company, other lender, or credit card issuer), as compared to a creditor that only reports final delinquent debt. In addition, there can be important

[3] A furnisher of information must submit accurate information such that it (1) reflects the terms of and liability for the account or other relationship; (2) reflects the consumer's performance and other conduct with respect to the account or the relationship; and (3) identifies the appropriate consumer. *See* 74 FR 31484 (July 1, 2009).

differences between what should be furnished by a creditor that enters into a single term contract as compared to a creditor who may sell multiple products or services to a consumer over time, or who may separate out certain unpaid products or services for reporting, while continuing to provide other products or services to that consumer.

Account opening date may not always be a significant factor in determining creditworthiness. Many creditors use custom scoring models that may or may not utilize the account opening date when determining the creditworthiness of a consumer. There are numerous reported fields or other information that a creditor might consider, such as a customer's payment history and whether there have been changes to that payment history, such as derogatory trade-lines, the length of time those derogatory trade-lines have been reported, or the amount of delinquent debt reported. It cannot be assumed that length of credit history is a necessary element to be taken into consideration by every creditor in making creditworthiness decisions.

Moreover, the manner in which a particular creditor sets an account opening date for a particular delinquent debt may bear no correlation to the length of time a debtor has had a business relationship with that creditor, and, if required to be reported, could result in an incomplete or inaccurate credit history for those creditors who utilize account opening date as a factor in determining creditworthiness. For example, Verizon only reports certain final delinquent debts to consumer reporting agencies and does not provide a full history of a debtor's relationship with it. Verizon also does not necessarily open a new account each time a customer purchases a new service. Instead, for example, a long-time landline customer might add High Speed Internet or FiOS services and be billed for all services on the original landline phone bill. A customer could become delinquent in paying for one of these added services while continuing to pay for her landline telephone service. Verizon might then sever the amount due for the delinquent service from the original landline phone bill, establish a new account for purposes of collection, and report only the delinquent new account for that added service. Thus, for a creditor that utilizes account opening date as a factor in determining creditworthiness, the account opening date for the added service would have no relation to the length of time the debtor had had a business relationship with Verizon.

Additionally, for communications companies, the issue of which account opening date to report becomes more complex if a customer only partially pays her bill. In certain states, including Arizona, California, Delaware, Florida, Idaho, Illinois, Indiana, Michigan, New Jersey, New York, Nevada, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Texas, Virginia, Washington, and West Virginia, Verizon is required to apply a customer's partial payment in a specified manner to particular classifications of services. The funds generally must be applied to basic service first, then to toll service, then to services such as FiOS or High Speed Internet. If a customer's payment is insufficient to cover a particular category of service, Verizon will disconnect that service and establish a new account for the delinquent charges for that service, which results in the account opening date being the date of disconnection of that service. That new account, with its new account opening date, could become subject to collection activity and credit reporting.

The instant ANPR also inquires as to how "account opening date" should be defined, if at all. The definition of "account opening date" should be left to the creditor because business practices may dictate the account opening date. However, defining "account opening date" to correspond to the date the account was first opened, would not necessarily be an accurate indication of the credit risk of the consumer. The fact that a consumer has made payments for a relatively inexpensive service, such as landline service, while failing to pay for more expensive services, such as FiOS or High Speed Internet, could mislead a third party creditor seeking to determine creditworthiness. In addition, the costs to many companies, including Verizon, to revise their business processes to report the first date a business relationship was established in situations such as failure to pay for new services added to the landline bill, or where partial payment requires the disconnection of certain categories of services to protect basic phone service, would be substantial. While Verizon does not have a precise measure of the costs to report as the account opening date the date the business relationship began no matter the situation that led to a delinquent final account, the costs could potentially outweigh the benefits to Verizon of reporting. As a result, Verizon could decide to forgo its voluntary reporting, similar to a number of communications companies that today choose not to report to the consumer reporting agencies.

CONCLUSION

For the foregoing reasons, the FTC should not require that creditors include the account opening date on their reports to Credit Reporting Agencies.

Respectfully submitted,

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