

Fair Credit Reporting Act
**Efforts to Promote
Consumer Report
Accuracy and Disputes**
A Report to Congress

Federal Trade Commission

2020



I. INTRODUCTION

This report responds to Senate Report 116-111, the Appropriations Committee’s report accompanying the Financial Services and General Government Appropriations Bill, 2020, directing the Federal Trade Commission (“Commission” or “FTC”) to report on “its consumer education efforts with respect to disputing and correcting information in a credit report, as well as its enforcement efforts related to dispute processes and the correction of inaccurate and incomplete information.”¹ The Federal Trade Commission appreciates this opportunity to provide this report.

Congress enacted the Fair Credit Reporting Act² (“FCRA”) in 1970, recognizing the importance of “fair and accurate credit reporting” to maintain “the efficiency of the banking system” and “the public[’]s confidence” in that system.³ Consumer reports are reports of information compiled on individual

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consumers that are used or expected to be used to determine eligibility for credit, insurance, employment, and other similar purposes. They often include consumer credit histories or public record information, such as arrests, convictions, judgments, and bankruptcies. These consumer reports are often used to evaluate the risk of future nonpayment, default, or other adverse events. Errors in consumer reports, however, can cause consumers to be denied credit or other benefits or pay a higher price for them. For this reason, accuracy of consumer reports is critically important.

The FCRA imposes a number of obligations on those who compile and sell consumer reports—consumer reporting agencies (“CRAs”)—regarding consumer report accuracy and consumer disputes. CRAs must comply with requirements to help ensure the accuracy of consumer reports, including requirements that CRAs (1) maintain reasonable procedures to ensure the “maximum possible accuracy” of consumer reports⁴ and (2) maintain procedures through which consumers can dispute and correct inaccurate information in their consumer reports.⁵ In addition, the FCRA imposes obligations on those who furnish information about consumers to CRAs (“furnishers”), such as entities extending credit. For example, furnishers have a duty to establish and implement reasonable written policies and procedures regarding the accuracy and integrity of the information they report, report accurate information, and investigate

¹ S. Rep. No. 116-111, at 72.

² 15 U.S.C. §§ 1681–1681x.

³ *Id.* § 1681(a).

⁴ *Id.* § 1681e(b).

⁵ *Id.* § 1681i(a)–(d)(1).

consumer disputes of inaccurate information.⁶ Users of consumer reports have obligations under the statute as well. For example, if a user of a consumer report takes an adverse action against a consumer—such as a denial of credit or employment—based on information in a consumer report, the user must provide an adverse action notice to the consumer, which explains how the consumer can obtain a free copy of the report and dispute any inaccurate information in the report.⁷

II. FTC ACTIVITIES TO PROMOTE CREDIT REPORT ACCURACY

The Commission has played a key role in the implementation, enforcement, and interpretation of the FCRA since its enactment.⁸ As the consumer reporting system evolves and new technologies and business practices emerge, consumer and business education concerning applicable rights and responsibilities under the FCRA, as well as vigorous enforcement, continue to be top priorities for the Commission.

A. Consumer and Business Education

The FTC has a number of user-friendly resources for consumers designed to inform them of their rights under the FCRA and assist them with navigating the consumer reporting system, including the dispute process. The publication *Credit and Your Consumer Rights* provides an overview of credit, explains consumers' legal rights, and offers practical tips to help solve credit problems.⁹ Additionally, the publication *Disputing Errors on Credit Reports* explains how consumers can obtain their credit report and dispute inaccurate information, including sample dispute letters.¹⁰ The FTC also has publications that explain how consumers can obtain their free annual credit reports from each of the nationwide consumer reporting agencies,¹¹ as well as navigate employment background checks¹² and tenant background checks.¹³ The Commission periodically

⁶ 12 C.F.R. §§ 1022.42–.43; 15 U.S.C. § 1681s-2(a)–(b).

⁷ 15 U.S.C. § 1681m(a). The adverse action notice also must include a statement that the CRA that supplied the consumer report did not make the decision to take the adverse action and cannot give the consumer any specific reasons for the decision. *Id.* § 1681m(a)(2)(B).

⁸ As enacted, the FCRA established the Commission as the primary federal enforcement agency, with wide jurisdiction over entities involved in the consumer reporting system; the primary exceptions to the Commission's jurisdiction are federally regulated financial institutions. See 15 U.S.C. § 1681s(a)–(b). Pursuant to the Consumer Financial Protection Act of 2010 (“CFPA”), Title X of Pub. L. No. 111-203, 124 Stat. 1955 (July 21, 2010) (The Dodd-Frank Wall Street Reform and Consumer Protection Act), the Commission shares its FCRA enforcement role with the Consumer Financial Protection Bureau (“CFPB”) in many respects.

⁹ *Credit and Your Consumer Rights* (June 2017), <https://www.consumer.ftc.gov/articles/0070-credit-and-your-consumer-rights>.

¹⁰ *Disputing Errors on Credit Reports* (Feb. 2017), <https://www.consumer.ftc.gov/articles/0151-disputing-errors-credit-reports>.

¹¹ *Free Credit Reports* (Mar. 2013), <https://www.consumer.ftc.gov/articles/0155-free-credit-reports>.

¹² *Background Checks* (Mar. 2018), <https://www.consumer.ftc.gov/articles/0157-background-checks>.

¹³ *Renting an apartment? Be prepared for a background check* (Nov. 2016),

publishes blog posts reminding consumers about their rights and the FTC resources available to assist them and continues to update and expand its materials as new issues arise. For example, in January 2020, the FTC published a four-part blog series to help consumers manage credit, including discussions of (1) why does your credit matter; (2) getting your credit report; (3) reading your credit report; and (4) fixing your credit report.¹⁴

The Commission has also created a dedicated website for identity theft victims, whose consumer reports may be riddled with inaccurate information as a result of identity theft. IdentityTheft.gov is the federal government's one-stop resource for identity theft victims. People can use

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IdentityTheft.gov to report identity theft to the Federal Trade Commission and get a step-by-step personal recovery plan.¹⁵ The site also creates an Identity Theft Report that victims can use to clear their credit files of fraudulent information resulting from the identity theft. IdentityTheft.gov has detailed advice for more than 30 types of identity theft and also is available in Spanish at RobodIdentidad.gov. When people use IdentityTheft.gov, their report becomes part of the Consumer Sentinel Network¹⁶ database and is available to the Network's law enforcement members.

In terms of business education, the FTC has published guidance for employment and tenant background screening companies regarding their obligations under the FCRA, including with respect to accuracy and consumer disputes.¹⁷ For furnishers, the FTC publication *Consumer Reports: What Information Furnishers Need to Know* provides an overview of furnisher obligations under the FCRA.¹⁸ Similarly, for users of consumer reports, the FTC has published guidance for employers, landlords, insurers, and

<https://www.consumer.ftc.gov/blog/2016/11/renting-apartment-be-prepared-background-check>.

¹⁴ See, e.g., *New year, new credit blog series* (Jan. 2020),

<https://www.consumer.ftc.gov/blog/2020/01/new-year-new-credit-blog-series>.

¹⁵ Since the inception of IdentityTheft.gov on January 22, 2016 through February 17, 2020, the site has received more than 1.9 million identity theft complaints from consumers.

¹⁶ The Consumer Sentinel Network provides law enforcement members with access to complaints provided directly to the Federal Trade Commission by consumers, as well as providing members with access to complaints shared by data contributors, such as governmental agencies and other organizations.

¹⁷ See *What Employment Background Screening Companies Need to Know About the Fair Credit Reporting Act* (Apr. 2016), <https://www.ftc.gov/tips-advice/business-center/guidance/what-employment-background-screening-companies-need-know-about>; *What Tenant Background Screening Companies Need to Know About the Fair Credit Reporting Act* (Oct. 2016), <https://www.ftc.gov/tips-advice/business-center/guidance/what-tenant-background-screening-companies-need-know-about-fair>.

¹⁸ See *Consumer Reports: What Information Furnishers Need to Know* (Nov. 2016), <https://www.ftc.gov/tips-advice/business-center/guidance/consumer-reports-what-information-furnishers-need-know>.

creditors describing their obligations under the FCRA, including providing adverse action notices to consumers.¹⁹

Finally, each time it announces a new law enforcement action, the FTC typically publishes consumer and business blog posts describing the case and discussing lessons learned for businesses and consumers. For example, along with the announcement of a settlement with tenant background screening company *RealPage*,²⁰ the Commission published a consumer blog post for consumers seeking housing and a business blog post with guidance for background screening companies.²¹

Appendix A contains a more comprehensive list of the FTC's consumer publications on disputing and correcting information in consumer reports.

B. Law Enforcement

In the last decade, the Commission has brought more than 30 actions to enforce the FCRA against CRAs, users of consumer reports, and furnishers of information to CRAs. Approximately half of those cases involve allegations related to processes for handling consumer disputes of inaccurate information or procedures for ensuring the accuracy of information in consumer reports. With the advent in 2011 of the CFPB's supervisory authority over the nationwide consumer reporting agencies and the coordination efforts between the federal agencies, the FTC has focused its FCRA law enforcement efforts on other entities in the credit reporting area and other aspects of the consumer reporting industry more broadly.

For example, the FTC settled cases against furnishers that allegedly had inadequate policies and procedures for reporting accurate credit information to CRAs and handling consumer disputes. In *Credit Protection Association, LP*, the Commission alleged that a debt collector failed to have adequate policies and procedures to handle consumer disputes, did not have a policy requiring notice to consumers of the outcomes of investigations about disputed information, and in numerous instances failed to inform

¹⁹ See *Consumer Reports: What Employers Need to Know* (Oct. 2016), <https://www.ftc.gov/tipsadvice/business-center/guidance/using-consumer-reports-what-employers-need-know>; *Consumer Reports: What Landlords Need to Know* (Oct. 2016), <https://www.ftc.gov/tips-advice/business-center/guidance/using-consumer-reports-what-landlords-need-know>; *Consumer Reports: What Insurers Need to Know* (Nov. 2016), <https://www.ftc.gov/tips-advice/business-center/guidance/consumer-reports-what-insurers-need-know>; *Using Consumer Reports for Credit Decisions: What to Know About Adverse Action and Risk-Based Pricing Notices* (Nov. 2016), <https://www.ftc.gov/tips-advice/business-center/guidance/using-consumer-reports-credit-decisions-what-know-about-adverse>.

²⁰ *FTC v. RealPage, Inc.*, No. 3:18-cv-02737-N (N.D. Tex. filed Oct. 16, 2018), <https://www.ftc.gov/enforcement/cases-proceedings/152-3059/realpage-inc>.

²¹ See, e.g., *Will background check errors deny you a home?* (Oct. 2018), <https://www.consumer.ftc.gov/blog/2018/10/will-background-check-errors-deny-you-home>; *\$3 million FCRA settlement puts tenant background screening at the forefront* (Oct. 2018), <https://www.ftc.gov/news-events/blogs/business-blog/2018/10/3-million-fcra-settlement-puts-tenant-background-screening>.

consumers of the outcome of disputes.²² The settlement included \$72,000 in civil penalties. In *Tricolor Auto Acceptance, LLC*, the Commission alleged that the loan servicing department of an auto dealer failed to have written policies and procedures designed to ensure that the credit information it reported to CRAs was accurate and failed to properly investigate consumer disputes regarding the accuracy of credit information.²³ The settlement included \$82,000 in civil penalties.

As to the CRAs themselves, the FTC has settled cases against background screening CRAs that compile background reports on consumers that may include driving records, employment and education history, eviction records, criminal records, and credit history for use in making employment and housing decisions. These settlements include allegations relating to inaccuracies in consumer reports. For example, in *RealPage, Inc.*, the Commission alleged that a tenant background screening CRA failed to have reasonable procedures to ensure the maximum possible accuracy of consumer report information and associated some potential renters with criminal records that did not belong to them.²⁴ The settlement included \$3 million in civil penalties. In *InfoTrack Information Services, Inc.*, the Commission alleged that an employment background screening CRA failed to have reasonable procedures to ensure the maximum possible accuracy of consumer report information and, as a result, provided inaccurate information suggesting that job applicants potentially were registered sex offenders.²⁵ The settlement included \$1 million in civil penalties, which was suspended upon payment of \$60,000 based on inability to pay.

The FTC has also brought cases against check authorization CRAs for failing to comply with their accuracy obligations. Check authorization companies compile consumers' personal information and use it to help retail merchants throughout the United States determine whether to accept consumers' checks. In its settlements with *Telecheck*²⁶ and *Certegy*,²⁷ two of the nation's largest check authorization companies, the Commission charged these companies with failing to follow FCRA accuracy procedures, failing to follow proper procedures for consumer disputes, and failing to establish and implement reasonable written policies regarding the accuracy of information the companies furnish to other CRAs.

²² *United States v. Credit Prot. Ass'n, LP*, No. 3:16-cv-01255-D (N.D. Tex. filed May 9, 2016), <https://www.ftc.gov/enforcement/cases-proceedings/142-3142/credit-protection-association>.

²³ *United States v. Tricolor Auto Acceptance, LLC*, No. 3:15-cv-3002 (N.D. Tex. filed Sept. 16, 2015), <https://www.ftc.gov/enforcement/cases-proceedings/142-3073/tricolor-auto-acceptance-llc>.

²⁴ *FTC v. RealPage, Inc.*, No. 3:18-cv-02737-N (N.D. Tex. filed Oct. 16, 2018), <https://www.ftc.gov/enforcement/cases-proceedings/152-3059/realpage-inc>.

²⁵ *United States v. Infotrack Info. Servs., Inc.*, No. 1:14-cv-02054 (N.D. Ill. filed Apr. 9, 2014), <https://www.ftc.gov/enforcement/cases-proceedings/122-3092/infotrack-information-services-inc-et-al>.

²⁶ *United States v. TeleCheck Servs., Inc.*, No. 1:14-cv-00062 (D.D.C. filed Jan. 16, 2014), <https://www.ftc.gov/enforcement/cases-proceedings/112-3183/telecheck-services-inc>.

²⁷ *United States v. Certegy Servs., Inc.*, No. 1:13-cv-01247 (D.D.C. filed Aug. 15, 2013), <https://www.ftc.gov/enforcement/cases-proceedings/112-3183/telecheck-services-inc>.

The FTC obtained \$3.5 million in civil penalties against each company.

A full list of the Commission’s law enforcement actions regarding consumer report accuracy in the last decade appears in Appendix B.

In the last decade, the Commission has brought more than 30 actions to enforce the FCRA against consumer reporting agencies (“CRAs”), users of consumer reports, and furnishers of information to CRAs.

III. CONCLUSION

The FTC continues to look for education and enforcement opportunities around the issue of consumer report accuracy and disputes. Indeed, last December, the Commission hosted a public workshop, jointly with the CFPB, regarding issues affecting the accuracy of both traditional credit reports and employment and tenant background screening reports.²⁸ The December workshop brought together stakeholders—including industry representatives, consumer advocates, and regulators—for a wide-ranging public discussion on the many issues that affect the accuracy of consumer reports. The Commission’s goal in co-hosting this workshop was to further educate itself on recent trends in consumer reporting accuracy,²⁹ including (1) current practices of furnishers of information and compliance with accuracy requirements; (2) current accuracy topics for traditional credit reporting agencies; (3) accuracy considerations for background screening; and (4) navigating the dispute process. The agencies solicited public comments before and after the workshop, and the workshop record will assist the Commission in targeting its education and enforcement efforts in this area in the future.

Thank you for the opportunity to provide the Commission’s report on credit report accuracy and consumer disputes. We look forward to continuing to work with Congress and this Committee on these important issues.

²⁸ See *Accuracy in Consumer Reporting, An FTC/CFPB Workshop* (Dec. 2019), <https://www.ftc.gov/news-events/events-calendar/accuracy-consumer-reporting-workshop>.

²⁹ In 2012, the FTC published a congressionally mandated study that examined the accuracy of credit reports from the three nationwide consumer reporting agencies. *Section 319 of the Fair and Accurate Credit Transactions Act of 2003: Fifth Interim Federal Trade Commission Report to Congress Concerning the Accuracy of Information in Credit Reports* (Dec. 2012), <https://www.ftc.gov/reports/section-319-fair-accurate-credit-transactions-act-2003-fifth-interim-federal-trade>.

Appendix A: Selected FTC Consumer Education Resources on Disputing and Correcting Information in Consumer Reports

1. *Understanding Your Credit* (Jan. 2020), <https://www.consumer.ftc.gov/articles/understanding-your-credit>.
2. *Credit repair: Fixing Mistakes on Your Credit Report* (Jan. 2020), <https://www.consumer.ftc.gov/blog/2020/01/credit-repair-fixing-mistakes-your-credit-report>.
3. *Fixing Your Credit* (Mar. 2018), <https://www.consumer.ftc.gov/articles/fixing-your-credit>.
4. *Background Checks* (Mar. 2018), <https://www.consumer.ftc.gov/articles/0157-background-checks>.
5. *Credit and Your Consumer Rights* (Jun. 2017), <https://www.consumer.ftc.gov/articles/0070-credit-and-your-consumer-rights>.
6. *Disputing Errors on Credit Reports* (Feb. 2017), <https://www.consumer.ftc.gov/articles/0151-disputing-errors-credit-reports>.
7. *Renting an apartment? Be prepared for a background check* (Nov. 2016), <https://www.consumer.ftc.gov/blog/2016/11/renting-apartment-be-prepared-background-check>.
8. *Sample Letter for Disputing Errors on Your Credit Report with Information Providers* (Feb. 2014), <https://www.consumer.ftc.gov/articles/0485-sample-letter-disputing-errors-your-credit-report-information-providers>.
9. *Sample Letter for Disputing Errors on Your Credit Report* (Aug. 2013), <https://www.consumer.ftc.gov/articles/0384-sample-letter-disputing-errors-your-credit-report>.
10. *Free Credit Reports* (Mar. 2013), <https://www.consumer.ftc.gov/articles/0155-free-credit-reports>.
11. *Credit Repair: How to Help Yourself* (Nov. 2012), <https://www.consumer.ftc.gov/articles/0058-credit-repair-how-help-yourself>.



Appendix B: FTC Actions Since 2010 Alleging Violations of the FCRA's Dispute and/or Accuracy Provisions

1. *FTC v. Real Page, Inc.*, No. 3:18-cv-02737-N (N.D. Tex. filed Oct. 16, 2018), <https://www.ftc.gov/enforcement/cases-proceedings/152-3059/realpage-inc>.
2. *United States v. Credit Prot. Ass'n, LP*, No. 3:16-cv-01255-D (N.D. Tex. filed May 9, 2016), <https://www.ftc.gov/enforcement/cases-proceedings/142-3142/credit-protection-association>.
3. *United States v. Tricolor Auto Acceptance, LLC*, No. 3:15-cv-3002 (N.D. Tex. filed Sept. 16, 2015), <https://www.ftc.gov/enforcement/cases-proceedings/142-3073/tricolor-auto-acceptance-llc>.
4. *United States v. TeleCheck Servs., Inc.*, No. 1:14-cv-00062 (D.D.C. filed Jan. 16, 2014), <https://www.ftc.gov/enforcement/cases-proceedings/112-3183/telecheck-services-inc>.
5. *United States v. Infotrack Info. Servs., Inc.*, No. 1:14-cv-02054 (N.D. Ill. filed Apr. 9, 2014), <https://www.ftc.gov/enforcement/cases-proceedings/122-3092/infotrack-information-services-inc-et-al>.
6. *United States v. Instant Checkmate, Inc.*, No. 3:14-cv-00675-H-JMA (S.D. Cal. filed Apr. 9, 2014), <https://www.ftc.gov/enforcement/cases-proceedings/122-3221/instant-checkmate-inc>.
7. *United States v. Consumer Portfolio Servs., Inc.*, No. 8:14-cv-00819-ABC-RNB (C.D. Cal. filed May 28, 2014), <https://www.ftc.gov/enforcement/cases-proceedings/112-3010/consumer-portfolio-services-inc>.
8. *United States v. Certegy Servs., Inc.*, No. 1:13-cv-01247 (D.D.C. filed Aug. 15, 2013), <https://www.ftc.gov/enforcement/cases-proceedings/112-3183/telecheck-services-inc>.
9. *In the Matter of Filquarian Publ'g, LLC; Choice Level, LLC and Joshua Linsk*, FTC Matter No. 112 3195 (May 1, 2013), <https://www.ftc.gov/enforcement/cases-proceedings/112-3195/filquarian-publishing-llc-choice-level-llc-joshua-linsk>.
10. *United States v. Spokeo, Inc.*, No. 2:12-cv-05001-MMM-SH (C.D. Cal. filed June 7, 2012), <https://www.ftc.gov/enforcement/cases-proceedings/1023163/spokeo-inc>.
11. *United States v. HireRight Sols., Inc.*, No. 1:12-cv-01313 (D.D.C. filed Aug. 8, 2012), <https://www.ftc.gov/enforcement/cases-proceedings/102-313/hireright-solutions-inc>.



12. *United States v. Asset Acceptance, LLC*, No. 8:12-cv-00182-JDW-EAJ (M.D. Fla. filed Jan. 30, 2012), <https://www.ftc.gov/enforcement/cases-proceedings/052-3133/asset-acceptance-llc>.
13. *United States v. Credit Bureau Collection Servs., Larry Ebert, and Brian Striker*, No. 2:10-cv-00169-ALM –NMK (S.D. Ohio filed February 24, 2010), <https://www.ftc.gov/enforcement/cases-proceedings/062-3226/credit-bureau-collection-services>.
14. *United States v. First Advantage SafeRent, Inc.*, No. 8:10-cv-00090-PJM (D. Md. filed Jan. 14, 2010), <https://www.ftc.gov/enforcement/cases-proceedings/082-3016/first-advantage-saferent-inc-et-al-usa-ftc>.



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