

# CONSUMER REPORTS:





The Fair Credit Reporting Act (FCRA) is designed to protect the privacy of consumer report information — sometimes informally called credit reports, — and to guarantee that information supplied by consumer reporting agencies (CRAs) is as accurate as possible.

If you report information about consumers to a CRA — like a credit bureau, tenant screening company, check verification service, or a medical information service — you have legal obligations under the FCRA's Furnisher Rule. Your responsibilities include:

- furnishing information that is accurate and complete, and

- investigating consumer disputes about the accuracy of information you provide.

The Federal Trade Commission, the Consumer Financial Protection Bureau, and the federal banking agencies have each published a Furnisher Rule. The rules are identical in substance. The FTC's Rule is summarized here. If you are not subject to the FTC's jurisdiction, contact your regulator about your obligations.

## ACCURACY

When you provide information to a CRA, you have obligations under the FCRA to ensure the accuracy of the information you furnish. As a rule, it's illegal to report information that you know or believe is inaccurate. You have reasonable cause to believe that information is inaccurate if you have knowledge, other than allegations from the consumer, that would lead a reasonable person to doubt the accuracy of the information. [FCRA Section 623\(a\)\(1\)\(A\)](#) You may be exempt from this requirement if you give an address for consumers

to report inaccurate information, but you cannot, under any circumstances, report information the consumer has told you is inaccurate if it is, in fact, inaccurate.

[FCRA Section 623\(a\)\(1\)\(C\)](#)

## Guidelines for Policies and Procedures

You must establish and implement written policies and procedures regarding the accuracy and integrity of information you furnish to a CRA. Guidelines are in [Appendix A to Furnisher Rule Part 660](#). Read the Appendix; the information here is just a sample.

Your policies and procedures:

- must be appropriate to the nature, size, complexity, and scope of your activities;

- must be reviewed periodically and updated, as necessary;

- should ensure that information provided to a CRA is for the right person, and reflects the terms of the account and the consumer's performance on the account;

- require maintenance of records for a reasonable amount of time;

- establish internal controls for the accuracy and integrity of information, such as through random sampling;

- prevent re-aging (inaccurately changing the date of first delinquency on a consumer's account to a later date) and duplicative reporting, particularly following portfolio acquisitions or sales, mergers, and other transfers; and

- require updating of furnished information where necessary.

Information should:

be substantiated by your records when it is furnished;

include consumer identifiers, like name(s), date of birth, Social Security number, telephone number(s), or address(es); and

be furnished in a standardized form and specify the time period it pertains to.

## Correct and Update Information

If you furnish information to a CRA on a regular basis and determine that any information you provided is inaccurate or incomplete, you must promptly notify the CRA and provide corrections or additions. Going forward, you must furnish only the correct information to the CRA. [FCRA 623\(a\)\(2\)\(B\)](#)

The FCRA requires that if you furnish any information to a CRA, you must include any of the following items that are applicable to you.

**Credit Limits** — Usually, you must include a consumer's credit limit among the information you furnish to a CRA. [Appendix A\(I\)](#)

**Disputed Information** — Once a consumer disputes information, you may not report that information to a CRA without telling the CRA that the information is in dispute. [FCRA 623\(a\)\(3\)](#)

**Closed Accounts** — If you furnish information to a CRA on a regular basis, you must notify the CRA that a consumer has voluntarily closed an account the next time you send information that would normally include that account. This is important because some users of information may interpret

a closed account as an indicator of bad credit unless you clearly disclose that the consumer, not the creditor, closed the account. [FCRA 623\(a\)\(4\)](#)

**Delinquent Accounts** — When you refer an account for collection and notify a CRA that you have done so, you also must report the date of delinquency to the CRA within 90 days. The date of delinquency is the month and year the consumer's delinquency resulting in the referral began. See the examples below. [FCRA 623\(a\)\(5\)\(A\)](#)

If you are a debt collector furnishing information to a CRA about the accounts of a creditor, you must report the date of delinquency given to you by the creditor.

These examples illustrate how to calculate the date of delinquency:

John Smith's account becomes delinquent in March 2017. The creditor places the account for collection on October 1, 2017.

In this case, the date of delinquency is March 2017. The date that the creditor places the account for collection is not the basis for calculating the delinquency date. The collection date is calculated based on the consumer's delinquency, not the creditor's later actions.

Mary Myers's credit card account becomes delinquent in April 2016. Mary makes partial payments for the next five months, but never brings the account current. The creditor places the account for collection in January 2017.

Because the account was never brought current during the period partial payments were made, the delinquency that immediately preceded the collection began in April 2016, when Mary first became delinquent. The correct delinquency date is April 2016.

Alan Clark's account becomes delinquent in December 2015. The account is placed for collection with Collector A on April 1, 2016. Collection is not successful. The creditor places the account with Collector B in February 2017.

The date of the delinquency for reporting purposes is December 2015. Repeatedly placing an account for collection or using different collectors does not change the delinquency date.

Lisa Long's account becomes delinquent in November 2017. The creditor has never reported the date of the delinquent account to the CRAs, but has records indicating the date of delinquency as November 2017. A debt collector acquires the debt and attempts collection.

If the debt collector establishes and follows reasonable procedures to learn the date of delinquency from the creditor — and finds that November 2017 is the delinquency date — the debt collector may report that date to the CRAs as the delinquency date. **FCRA 623(a)(5)(B)(ii)**

**Craig Coleman's account becomes delinquent, but the creditor never reports the delinquency date to a CRA. In addition, the delinquency date can't be reasonably obtained from the creditor or another reliable source. The account is placed for collection in November 2017.**

If the debt collector establishes and follows reasonable procedures to ensure that the delinquency date reported precedes the date the account is placed for collection, charged to profit or loss, or subjected to any similar action by the original creditor, the debt collector may report that alternate delinquency date to a CRA. In this case, the alternate delinquency date must be before November 2017. This method should be used only when the original date of delinquency can't be determined from the creditor or another source. **FCRA 623(a)(5)(B)(iii)**

**Negative Information from Financial Institutions** — If you are a financial institution (as defined in the Gramm-Leach-Bliley Act) that extends credit and regularly reports negative information about your customers to a nationwide CRA (for example, Equifax, Experian, or TransUnion), you must notify your customers that you report such negative information. Examples of negative information include a customer's delinquencies, late payments, insolvency, or any form of default. **FCRA 623(a)(7)(G)(i)**



You must provide the notice either before you furnish the negative information or within 30 days of furnishing it. You may include the notice with a notice of default, a billing statement, or another item sent to the consumer, but you **cannot** send it with a Truth In Lending Act notification. The notices must be clear and conspicuous.

The Consumer Financial Protection Bureau has model disclosures at [12 CFR Part 1022, Appendix B, FCRA 623\(a\)\(7\)](#).

**Medical Information** — If your primary business is providing medical services, products, or devices, and you, your agent, or your assignee reports information about consumers to CRAs, you must notify each CRA that you are a medical provider. [FCRA 623\(a\)\(9\)](#) This notice helps the CRAs comply with their FCRA duties with regard to the reporting of medical information. [FCRA 604\(g\)](#) For example, if the name, address, and telephone number of a medical information furnisher appears on a consumer report, the information must be encoded so it doesn't identify the specific provider or the nature of the services, products, or devices. [FCRA 605\(a\)\(6\)\(A\)](#)

The federal banking agencies have issued [rules](#) to implement these requirements.

## DISPUTES

Consumers may dispute information that you furnished in two ways:

1. They may submit a dispute to the CRA.
2. They may submit a dispute directly to you.

## Disputes to CRAs

If a CRA notifies you that a consumer disputes information you provided, you must:

- investigate the dispute and review all relevant information provided by the CRA about the dispute;
- report your findings to the CRA;
- provide corrected information to every CRA that received the information if your investigation shows the information is incomplete or inaccurate; and
- modify the information, delete it, or permanently block its reporting if the information turns out to be inaccurate or incomplete or can't be verified. [FCRA 623\(b\)\(1\)](#)

You must complete these steps within the same time allowed under the FCRA for the CRA to resolve the dispute. Normally, this is 30 days after the CRA gets the dispute from the consumer. If the consumer provides additional relevant information during the 30-day period, the CRA has 15 more days to resolve the dispute. The CRA must give you all the relevant information it gets within five business days of receipt, and must promptly give you additional relevant information provided by the consumer. If you don't investigate and respond to the notification of the dispute within the specified times, the CRA must delete the disputed information from its files. [FCRA 623\(b\)\(2\) and 611\(a\)\(1\)](#)

## Disputes to Furnishers

You must investigate a consumer's dispute if it relates to:

- the consumer's liability for a credit account or other debt with you. For example, disputes relating to whether there is or has been identity theft or fraud against the

consumer, whether there is individual or joint liability on an account, or whether the consumer is an authorized user of a credit account;

the terms of a credit account or other debt with you. For example, disputes relating to the type of account, principal balance, scheduled payment amount on an account, or the amount of the credit limit on an open-end account;

the consumer's performance or other conduct concerning an account or other relationship with you. For example, disputes relating to the current payment status, high balance, date a payment was made, amount of a payment made, or date an account was opened or closed; or

any other information in a consumer report about an account or relationship with you that affects the consumer's creditworthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or lifestyle. [Furnisher Rule 660.4\(a\)](#)

You must:

conduct a reasonable investigation

review all relevant information provided by the consumer

report results to the consumer, generally within 30 days

notify each CRA to which you provided inaccurate information if the investigation finds the information was inaccurate. [Furnisher Rule 660.4\(e\)](#)

You are **not** required to investigate the dispute if it relates to:

the consumer's identifying information on a consumer report, including name, date of birth, Social Security number, phone number, or address;

the names of previous or current employers;  
inquiries or requests for consumer reports;  
information from public records, including judgments, bankruptcies, and liens;  
information related to fraud alerts or active duty alerts;  
information provided to a CRA by another furnisher; or  
when you believe that the dispute is submitted by, prepared on behalf of the consumer by, or submitted on a form supplied to the consumer by a credit repair organization. [Furnisher Rule 660.4\(b\)](#)

You also are **not** required to investigate disputes that are frivolous or irrelevant, as defined by the Rule:

the consumer didn't provide enough information  
the dispute is substantially the same as a dispute previously submitted  
you already fulfilled your obligation, and there is no new information  
you are not required to investigate the dispute, as described in the list above from 660.4(b).  
[Furnisher Rule 660.4\(f\)](#)

If a dispute is found to be frivolous or irrelevant, you must notify the consumer within five business days of receiving the dispute. This notice can be a form letter. Include the reason for the determination and, if relevant, any information the consumer needs to submit so you can investigate the disputed information.

## ADDITIONAL RESPONSIBILITIES

### Victims of Identity Theft

When you are notified by a CRA that a consumer's identity has been stolen, you have specific duties under the FCRA.

#### FCRA 605B

If a CRA notifies you that information you furnished is being blocked on a consumer's credit report because of identity theft, you must have procedures to prevent the re-reporting of the information. [FCRA 623\(a\)\(6\)\(A\)](#)

If a CRA notifies you that a debt has resulted from identity theft, you may not sell, transfer, or place that debt for collection. [FCRA 615\(f\)\(1\)](#)

If a consumer notifies you that he is a victim of identity theft, and gives you an identity theft report, you may not furnish information to a CRA regarding the fraudulent account or debt. [FCRA 623\(a\)\(6\)\(B\)](#)

If you find that you furnished inaccurate information due to identity theft, you must promptly notify each CRA of the correct information. Going forward, you must report only complete and accurate information. [FCRA 623\(a\)\(2\)](#)

## Disposing of Consumer Report Information

When you are finished using a consumer report, you must securely dispose of the report and any information you gathered from it. That can include burning, pulverizing, or shredding paper documents, and disposing of electronic information so that it can't be read or reconstructed. For more information, see *Duties of Users Regarding Address Discrepancies?* at [business.ftc.gov](https://www.business.ftc.gov).

## Address Discrepancies

If you are a user of consumer reports and a CRA notifies you that the consumer address you provided is substantially different from the address it has, you must have policies and procedures to investigate and furnish the consumer's correct address to the CRA. For more information, see *Duties of Users Regarding Address Discrepancies*.

## NON-COMPLIANCE

If you don't comply with the FCRA, you may be sued by the FTC, Consumer Financial Protection Bureau (CFPB), state governments, or in some cases, consumers. The FCRA provides for maximum penalties of \$4,857 per violation in the case of lawsuits brought by the FTC. [FCRA 616](#), [617](#), [621](#)

## Your Opportunity to Comment

The National Small Business Ombudsman and 10 Regional Fairness Boards collect comments from small businesses about federal compliance and enforcement activities. Each year, the Ombudsman evaluates the conduct of these activities and rates each agency's responsiveness

to small businesses. Small businesses can comment to the Ombudsman without fear of reprisal. To comment, call

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Federal Trade Commission  
BCP Business Center

[business.ftc.gov](http://business.ftc.gov)  
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