



FACTS

FOR OLDER CONSUMERS

National Consumer Law Center®

Disputing Errors in a Credit Report

Why is it important to correct errors in my credit report?

One of the most important items in your financial life is your credit report. Your credit report contains information about where you live and work, how you pay your bills, whether you have been sued, had a lien filed against you, or have filed for bankruptcy. There are three major companies that gather and sell this information (Equifax, Experian, and TransUnion), sometimes called “credit reporting agencies” or “credit bureaus.”

Credit reports are very important, because they determine whether you can obtain a mortgage, credit card, or other credit. Sometimes, they can affect your ability to get insurance or even a job.

Unfortunately, errors in credit reports are all too common. A 2013 study by the Federal Trade Commission found that about 21% of consumers had confirmed errors in their credit reports, 13% had errors that affected their credit scores, and 5% had errors that were serious enough to cause them to be denied credit or pay more for credit.

What can I do if there is an error in my credit report?

Federal law gives you the right to submit a dispute and request an investigation when you discover an error in your credit report. Under the Fair Credit Reporting Act (FCRA), both the credit reporting agency and the information provider have responsibilities for correcting inaccurate or incomplete information in your report. When you submit a dispute, the credit reporting agency must investigate the items in question – usually within 30 days – unless they consider your dispute frivolous.

In most cases, the credit reporting agency will refer the dispute to the creditor, debt collector or other information provider that first supplied the information to the credit reporting agency – called the “furnisher” of the information. The furnisher also has a duty to investigate the dispute you sent to the credit reporting agency.

You also have a right to dispute incorrect information directly with the creditor or other furnisher; however, a dispute to the furnisher will NOT give you a right to seek legal relief if the furnisher mishandles your dispute. Only a dispute sent to the credit reporting agency gives you that right.

When the investigation is complete, the credit reporting agency must give you the written results and a free copy of your report if the dispute results in a change. (This free report does not count as your annual free report.) If the furnisher finds the disputed information to be inaccurate, it must notify all of the three major credit reporting agencies so that they can correct this information in your file.

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If an item is changed or deleted, the credit reporting agency cannot put the disputed information back in your file unless the information furnisher verifies that it is accurate and complete. In addition, the credit reporting agency must send you written notice that includes the name, address, and phone number of the information furnisher.

If you ask, the credit reporting agency must send notices of any corrections to anyone who received your report in the past six months. You can have a corrected copy of your report sent to anyone who received a copy during the past two years for employment purposes

Why hasn't the error in my credit report been fixed, even after multiple disputes?

Unfortunately, sometimes a consumer's dispute will not result in the correction of an error, even if the information is actually inaccurate. While the FCRA requires the credit reporting agencies to conduct a "reasonable" investigation, they often only conduct a minimal and token review. They simply take the consumer's dispute, convert it into a two-or three-digit code and send that to the information furnisher. Until recently, the credit reporting agencies did not even bother to send to the furnishers any of the documents that consumers would attach to their disputes.

For their part, some information furnishers also conduct cursory investigations, merely checking their own computer records, which probably included the error in the first place. Whatever the furnisher sends as a response to a dispute, the credit reporting agencies will accept it unquestioningly – a practice sometimes called "parrotting" the furnisher. Thus, a consumer oftentimes cannot get the error corrected, even after multiple disputes.

While these deficiencies can very frustrating, it is still important for you to dispute errors in your credit report, and to follow up with more disputes. First, the furnisher may be willing to fix the error, either because it actually does find an error or to maintain good customer relations. Second, if the furnisher does not respond, the credit reporting agency is legally required to delete the disputed information from your credit report. Third, if the error is not corrected, you have a potential legal claim under the FCRA – but ONLY if you have sent a dispute to the credit reporting agency.

What can I do if the credit reporting agency or information furnisher refuses to correct the information I dispute?

If an investigation doesn't resolve your dispute with the credit reporting agency, you have a number of options. First, you can ask that a statement of the dispute be included in your file and in future reports. You also can ask the credit reporting agency to provide your statement to anyone who received a copy of your report in the recent past. You will probably have to pay a fee for this service. If you tell the information furnisher that you dispute an item, a notice of your dispute must be included any time the furnisher reports the item to a credit reporting agency.

Second, you may be able to file a lawsuit under the FCRA against the credit reporting agency and/or the information furnisher. Advice on hiring a lawyer to bring an FCRA lawsuit is at the end of this newsletter (see tip #11.)

Third, you can file a complaint with the Consumer Financial Protection Bureau. You can file a complaint online or via phone or mail:

Online: www.consumerfinance.gov/complaint

Phone: (855) 411-CFPB (2372)

Mail: Consumer Financial Protection Bureau
P.O. Box 4503
Iowa City, Iowa 52244

You should also file the same complaint with your state Attorney General.

Tips on submitting disputes about credit reporting errors

The following are some tips on sending a dispute to the credit reporting agencies. Even if the disputes themselves do not get results, these tips will ensure that you preserve your legal rights under the FCRA.

1. Request an Investigation in Writing, Return Receipt Requested (Don't Use the Credit Reporting Agency's Website)

Although not required by the FCRA, it is safest to request an investigation in writing (keeping copies of all correspondence), or to follow up a telephone request with a written confirmation. You might even want to send the request by certified mail, return receipt requested.

Telephone disputes do not create an adequate record in the event you need to follow up a failed dispute with lawsuit. In addition, you will not be able to provide documentary support of the dispute by telephone. Furthermore, although the FCRA requires national credit reporting agencies to maintain a toll-free number for consumers, telephone access is not always consistent.

2. Order a Fresh Report and Review It for New Errors

Order a fresh report from the credit reporting agencies to make sure you have the most recent information, since the information in your file is constantly changing as new data is added each month. However, if you first spot an error in a credit report from a creditor, but don't see it in the more recent report directly from the credit reporting agency, don't assume the error is gone. Creditors sometimes get credit reports with more information than the ones sent directly to consumers, including information that might even belong to another consumer. That's because lenders are allowed to order credit reports using less identifying information or broader criteria than when consumers order reports about themselves.

Review the more recent report for any new errors, including seemingly minor ones such as a misspelled name or incorrect address. These errors may be the sign of a bigger problem called a "mixed file," which is when the information of two different consumers gets mixed up into one file.

Make a copy of the credit report, and then circle the items that are inaccurate and put a number next to each. Use those numbers when you describe your dispute in your letter to the credit reporting agency.

3. Don't Be Limited by Credit Reporting Agency Request Forms

When you receive your credit report, you'll also receive a dispute form that the credit reporting agencies encourage you to use. These forms attempt to pigeon hole the dispute into one of several general types, and discourage you from submitting a detailed dispute. These forms provide a list of choices via a "check box" format choices, seemingly limiting your dispute options. Avoid the form, or supplement it with additional written details and documents.

Internet disputes confine you to a similar list of check boxes, and should be avoided. Until recently, you could not submit documents related to the dispute submitted via the credit reporting agencies' websites. Even with the ability to submit documentation, keeping a copy of your dispute might be tricky with an online report of the dispute.

4. Keep a File of All Communications

A request for investigation may be the beginning of a protracted battle with the credit reporting agency, which might ignore correspondence or fail to follow up as promised. It is important to keep copies of everything you send to the credit reporting agencies. Establish a file that includes all correspondence sent to and received from the credit reporting agency, and keep any proof that it received your correspondence. You should also keep dated notes of all telephone calls.

5. Also Notify the Creditor or Other Furnisher of the Dispute

You should directly notify the creditor or other furnisher of the disputed information at the same time you notify the credit reporting agency. The critical notice of dispute is the one submitted to the credit reporting agency, because that is the right you can legally enforce if your rights are violated under the FCRA. But sending a copy of the dispute to the furnisher will prevent any arguments that the notice from the credit reporting agency was not adequate for the furnisher to conduct a reasonable investigation.

Send the copy of the dispute to the address for the furnisher listed on your credit report. If no address is listed, contact the furnisher and ask for the correct address to send your letter. If the furnisher does not give you an address, you can send your letter to any business address for that furnisher.

6. Send a Dispute to All Three Major Credit Reporting Agencies

It is usually not enough to dispute an error at one credit reporting agency. Instead, you should request a credit report from at least Experian, TransUnion, and Equifax, and dispute errors individually with each of these three companies. A furnisher supplying incorrect information to one of these agencies will often supply the same incorrect information to the other two. Correcting your file with one of these three might not lead to correction at the other two.

Sometimes, a creditor or other business might deny your application based on a credit report received from a company which is not one of the three major credit reporting agencies, such as a type of company called a "reseller." You should submit a dispute over inaccurate information with both the reseller who supplied the credit report, and directly with the three major credit reporting agencies.

7. Be Careful How You Describe an Account Number

Your dispute notice should include adequate identification about yourself, identify the account or other item being disputed, and explain why it is disputed. Make sure your description is broad enough to encompass the disputed account even if the number changes. Otherwise, the credit reporting agency may take the disputes literally, and do nothing more than what is expressly requested.

For example, if you write, “I have never had an MBNA credit card, so delete MBNA account #1234,” the credit reporting agency will only delete an account with that number, and not other MBNA accounts listed on your credit report (or former MBNA accounts now listed as Bank of America – which bought MBNA - or “FIA Card Services” – which is the Bank of America credit card division for former MBNA accounts). Many furnishers change account numbers after an initial dispute is made, and disputing just the old account number might not affect these new accounts. Other times, the account number in your monthly statement is different than the number used in your file at the credit reporting agency (or by a debt collector to which the debt is transferred).

To prevent these problems, your dispute should describe the full range of accounts the dispute covers. For example, “I have never had a MBNA credit card. Any MBNA account in my credit file is not mine and should be deleted. This includes account number 1234, as well as any other account you may be reporting, as well as any account that may be reported by Bank of America, FIA Card Services, or any debt collector who is reporting an account that was formerly an MBNA account.”

8. Include All Documentary Evidence and Suggest Investigative Steps the Credit Reporting Agency Should Take

Your notice of dispute should include all documentary evidence and other information that supports your claim. If your creditor has provided a letter or statement confirming its understanding that the reported information was inaccurate, the letter should be provided with the dispute to the credit reporting. Make sure to send *copies* of these documents; keep the originals.

While it is certainly not a requirement, you could also suggest what steps the credit reporting agency could take to best accomplish the investigation. If your dispute is that you never opened an account with a particular creditor, you could request that the credit reporting agency obtain a copy of the application or contract from the furnisher. You could provide several handwriting samples, such as copies of cancelled checks, a driver’s license or backs of credit cards that include your signature. To prevent any arguments by the credit reporting agency that it would be unreasonable to expect them to pay for a handwriting analysis, you could offer to pay this expense.

You should also provide the name and contact information of any witnesses who support your dispute. For example, if you have been in direct contact with a creditor’s customer service representative who agreed with your position, the dispute letter could provide the name and address of that person. You could request that the credit reporting agency manually send the dispute directly to that person. If the dispute concerns a public record, a request for investigation could include the name and telephone number of the court clerk. If there was prior litigation involved, the dispute letter could include the name and telephone number of the attorney who previously represented the creditor.

9. Include Information Questioning the Furnisher’s Accuracy in Other Contexts

Some furnishers, especially debt collectors, have been the subject of complaints or lawsuits by other consumers, or even government agencies, for inaccurate information. A dispute letter should include any available information like that, which raises questions about the accuracy of the furnisher’s information. A

good source of information is the websites for the Consumer Financial Protection Bureau (CFPB) and Federal Trade Commission (FTC). The CFPB's website has a consumer complaint database that you can look up how many complaints have been filed against a particular creditor or debt collector:

www.consumerfinance.gov/complaintdatabase.

10. If You Agree to Pay a Debt, Ask for Negative Information to Be Deleted

In some cases, you might be willing to pay part or all of the debt, either immediately or in installments, that appears on your credit report as a negative item. If you do so, you should try to get a written agreement from the debt collector or creditor to delete the negative information. Simply paying off a debt will not remove the information from your credit report. Some creditors or debt collectors will refuse to remove the information, but it never hurts to ask and to push hard.

11. Hire a Lawyer

If you still cannot get an error fixed after sending multiple disputes to the credit reporting agencies, you may want to think about hiring a lawyer. It is best to hire a lawyer experienced in handling FCRA cases on behalf of consumers. The FCRA is a complicated statute full of pitfalls for inexperienced practitioners. For example, some of the requirements of the FCRA do not permit consumers to seek redress in court for their violation. A common rookie mistake is to sue under one of these provisions.

A list listings of consumer lawyers handling FCRA cases can be found at the website for the National Association of Consumer Advocates website: www.naca.net


Additional NCLC Resources (available at: <http://www.nclc.org/issues/credit-reports.html>)

Brochures

- The Truth About Credit Reports & Credit Repair Companies:
http://www.nclc.org/images/pdf/older_consumers/english_brochures/eng_truth_about_credit_reports.pdf
- Understanding Credit Scores
http://www.nclc.org/images/pdf/older_consumers/cc-credit-scores.pdf
- What You Should Know About Your Credit Report
http://www.nclc.org/images/pdf/older_consumers/consumer_facts_of_what_you_should_know_about_credit_report.pdf

Report

- Automated Injustice: How a Mechanized Dispute System Frustrates Consumers Seeking to Fix Errors in Their Credit Reports, 2009
http://www.nclc.org/images/pdf/credit_reports/credit_reports_automated_injustice_report.pdf



NATIONAL CONSUMER LAW CENTER®
7 Winthrop Square, 4th Floor
Boston, MA 02110-1245

Phone: 617-542-8010
Fax: 617-542-8028
E-mail: consumerlaw@nclc.org
www.nclc.org

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