Credit reports and scores, tenant screening reports, and employment background checks all impact fundamental necessities in a consumer's life: the ability to rent an apartment or buy a home, obtain insurance, find a job, or obtain fairly priced credit. Yet each one of these categories of “consumer reports” has serious systemic problems, and the consumer reporting agencies (CRAs) that traffic in our information are in need of serious reform.

Credit reports are full of errors that penalize consumers for far too long, include unfair information such as medical debts, and reinforce racial disparities. The dispute system used by the Big Three credit bureaus (Equifax, Experian, and TransUnion) is entirely dysfunctional, inappropriately automated, and fundamentally biased against consumers.

Tenant screening and background check reports often tag the wrong person with an eviction or criminal record; include sealed, expunged, or obsolete eviction or criminal records; misclassify criminal offenses, or omit information about the disposition of a criminal or eviction case. Tenant screening agencies also issue questionable scores or recommendations and include credit report information, which can shut out low-income and minority renters from decent housing. Tenant screening is especially problematic given the millions of renters who are behind in rent due to the COVID-19 pandemic and at risk of eviction or displacement.

Credit and consumer reporting systems need extensive, deep-reaching reforms to ensure fairness and accuracy, and to promote economic stability by ensuring access to affordable credit, housing, and jobs. Some of these reforms can be accomplished using the administrative authority of the Consumer Financial Protection Bureau (CFPB) either by rulemaking, guidance, supervision, or enforcement. Other reforms will require Congress to pass legislation.

The CFPB should:

- Protect renters from the negative consequences of rental debt by:
  - prohibiting credit reporting of rent arrears if Emergency Rental Assistance Program funds have been paid or an application has been submitted, and require deletion of any such collection items from credit reports.
  - clarifying that states are not preempted from adopting laws to exclude pandemic-era eviction and other negative information from tenant screening reports.

- Improve credit and consumer reporting dispute resolution by:
  - setting up a resolution unit in the CFPB’s Office of Consumer Response that is empowered to conduct an independent review of credit reporting disputes where the consumer asserts that inaccurate information has not been corrected; and
  - requiring all CRAs, but especially the Big Three credit bureaus, to devote sufficient personnel and resources to resolve disputes and to conduct independent, impartial analyses instead of merely accepting the furnisher’s response.
Address racial disparities in credit scores and credit invisibility while protecting consumers’ control over their own data and ensuring the most vulnerable are not harmed, including by:

- closely monitoring use of alternative data and new and emerging technologies, including artificial intelligence models.
- encouraging credit scoring companies to develop algorithms that reduce the impact of racial disparities.

Issue regulations requiring greater accuracy in credit and consumer reporting, including:

- requiring credit bureaus and background screening companies to use stricter matching criteria (such as all nine digits of the consumer’s Social Security number) to prevent misidentification of consumers;
- requiring background screening companies to verify records retrieved through an automated search using the records’ original source;
- codifying existing regulatory and judicial interpretations that criminal and eviction court records that are sealed or expunged cannot be reported; and
- if there is a dispute over the legal validity of a debt, requiring that the debt be marked as disputed and be prohibited from being considered by users and credit scoring models unless a court judgment holds the consumer liable.

Require nationwide credit and consumer reporting agencies to provide reports to consumers in Spanish and 10 other languages commonly used by limited English speakers.

Congress should:

- Establish a public credit registry that is designed to be responsive to consumer needs and equity concerns, including reducing racial disparities in credit scoring.
- Enact comprehensive credit reporting reform, such as the Comprehensive CREDIT Act (H.R. 4120) that the House of Representatives passed in January 2020, which included:
  - a right to independent review when consumers cannot get errors fixed;
  - better accuracy rights, including requiring the CFPB to issue regulations;
  - shortening the time period that negative information can be reported, including re-establishing the seven-year time limit on the reporting of criminal convictions;
  - a ban on reporting information arising from predatory transactions;
  - a ban on reporting medical debt for medically necessary procedures;
  - restrictions on the use of credit reports for employment;
  - free credit scores; and
  - a right to seek court orders to compel credit bureaus to fix reports.
- Significantly restrict the use of credit reports for non-credit purposes, including tenant screening, employment, insurance, and immigration purposes.
- Give Americans better control of our own data, such as an automatic security freeze that would require consumers to affirmatively consent to use of their data.
▪ Require the Big Three credit bureaus to set up an easy-to-use “one-stop shopping” online portal where consumers can access their credit reports on an unlimited basis, obtain free credit scores, file disputes over errors, and place or lift security freezes or fraud alerts.

▪ Require that debts be reported by the creditor to whom the debt was originally owed and not based on second- or third-hand information from debt collectors.

▪ Clarify the limitations on the FCRA’s preemption of state laws so that our laboratories of democracy have the flexibility to adopt more protective measures to safeguard consumers from credit and consumer reporting abuses.

▪ Extend the requirements and notices required for employment use of background check and credit reports to protect tenants when these reports are used for housing purposes.

▪ Require users of employment and tenant screening reports to provide specific reasons for the denial of employment or housing.

▪ Give the FTC supervisory authority over background screening companies and the CFPB or the FTC supervisory authority over data security for all consumer reporting agencies.

In addition, any of the recommendations listed for the CFPB could be mandated by Congress.