

Consumer Advocates Praise Passage of Landmark Bill in U.S. House to Reform Credit Reporting Industry

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Boston - National Consumer Law Center advocates (NCLC) applaud last night's passage of the Comprehensive CREDIT (Credit Reporting Enhancement, Disclosure, Innovation, and Transparency) Act of 2020 (H.R. 3621) by the U.S. House of Representatives. "For too many years, indeed decades, the Big Three credit bureaus - Equifax, Experian and TransUnion - have used and abused consumers by profiting from our information while allowing errors to run rampant," **said National Consumer Law Center attorney Chi Chi Wu.** "The credit bureaus have frustrated consumers' efforts to dispute those errors, and have carelessly exposed our sensitive data to thieves. Finally, the credit bureaus are being held accountable for the harm they inflict on millions of American consumers who have no choice but to have their information sold and mangled by these for-profit corporations."

The Comprehensive CREDIT Act is a landmark bill that amends the federal Fair Credit Report Act (FCRA) to make wholesale needed reforms to the credit reporting system. The bill addresses the high error rates in credit reports -the FTC found that 20% of consumers have verified errors in their credit reports and 5% have serious errors that could cause them to be denied or pay more for credit - by directing the Consumer Financial Protection Bureau (CFPB) to issue accuracy regulations. NCLC supported the bill on behalf of its low income clients.

The Comprehensive CREDIT Act also addresses the Kafka-esqe system for credit reporting disputes, which NCLC documented in 2009 and again in its updated 2019 report, *Automated Injustice Redux*, by giving consumers a new right to appeal. The bill reduces the punitive impact of negative information by reducing the time limit for information on credit reports from 7 to 4 years (for bankruptcies, reducing from 10 to 7 years) - a recommendation that NCLC made in its report *Solving the Credit Conundrum: Helping Consumers' Credit Records Impaired by the Foreclosure Crisis and Great Recession*.

Other key provisions of the bill include:

- restrictions on the use of credit reports by employers;
- strict limitations on the reporting of medical debt, delaying reporting for one year and prohibiting reporting for medically necessary procedures;
- giving struggling private student loan borrowers a second chance to rehabilitate impaired credit records;
- credit reporting relief for extended active duty uniformed consumers; and
- the right to a free annual credit score for consumers.

Wu and Lauren Saunders, associate director of the National Consumer Law Center, commend Congresswoman Maxine Waters, chair of the U.S. House Financial Services Committee, for her leadership in getting the bill passed, and the bill's sponsors. "Chairwoman Waters has worked tirelessly for many years to protect consumers from the abuses of the credit bureaus," **said**

Saunders. “We thank Representative Waters and the bill’s sponsors, including Representatives Ayanna Pressley, Alma Adams, Joyce Beatty, Al Lawson, Stephen Lynch, and Rashida Tlaib. The U.S. Senate should introduce and pass the bill quickly to help the over 200 million people in the United States with a credit report.”