

Consumer and Faith Groups to CFPB Director: Stop Letting Industry Violate the Fair Credit Reporting Act

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550% increase in credit reporting complaints to CFPB in the past six months

Washington, D.C. – A coalition of 21 consumer, faith, and advocacy groups sent a letter today to Consumer Financial Protection Bureau Director Kathy Kraninger urging her to revoke the permission that the Bureau granted the credit reporting industry to violate the 30-day deadline imposed by the Fair Credit Reporting Act (FCRA) for investigating disputes. In an April 1, 2020 guidance, the CFPB had permitted credit and consumer reporting agencies (CRAs) — and the banks, lenders and debt collectors that report information to the CRAs — to exceed the 30 days due to “reductions in staff, difficulty intaking disputes, or lack of access to necessary information.”

The groups urged Director Kraninger to rescind the permission to exceed the 30-day deadline in part because of a dramatic increase in complaints to the CFPB from consumers alleging delays in resolving their disputes. The letter states:

“From the time period of April 1 to September 23, 2020, there were 6,864 complaints in the credit reporting category that are in the subcategory “Was not notified of investigation status or results;” there were 6,262 complaints in the subcategory “Investigation took more than 30 days.” Thus, consumers have lodged over 13,000 complaints just in the past six months alleging that their disputes have not been addressed within the FCRA deadline, if addressed at all. In comparison, there were only 2,000 complaints in both of these two subcategories cumulatively for the same time period in 2019. This means there has been a 550% increase—likely as a result of the CFPB guidance.”

“It’s been almost six months since we’ve been in the ‘new normal’ and the credit industry should have adjusted like every other industry, **said National Consumer Law Center attorney Chi Chi Wu.** “Given the severe financial difficulties that the COVID-19 pandemic has inflicted on millions of American consumers, it’s more important than ever that credit reporting disputes are resolved in a timely manner.”

“Even before the pandemic, the credit reporting agencies were sending disputes to India and Chile for processing, so there’s no reason they need extra time now to process disputes remotely,” **noted Ed Mierzwinski, senior director for consumer programs at U.S. PIRG.** “Instead of coddling the “Big Three” credit bureaus, the CFPB should protect consumers.”

The groups’ letter proposed, as an alternative to revoking the guidance, that the CFPB should limit the extra time provided to the credit industry to 15 or 30 days.

