NCLC Advocate Applauds CFPB Report Spotlighting Deficiencies in Credit Bureaus’ Complaint Handling; Calls for Fundamental Reform of Troubled Industry

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BOSTON – In response to yesterday’s release by the Consumer Financial Protection Bureau (CFPB)’s report detailing the failures of the Big Three credit bureaus [Equifax, Experian and TransUnion] in responding to consumer complaints, Chi Chi Wu, staff attorney at National Consumer Law Center, issued the following statement:

“The CFPB is to be commended for issuing this report and shining a spotlight on the serious problems of the Big Three credit bureaus in responding to credit reporting disputes. We appreciate the leadership of Commissioner Chopra and the efforts of the CFPB staffers who worked on the report. We endorse the CFPB’s conclusion that ‘The [credit bureaus’] responses to these complaints raise serious questions about whether they are unable—or unwilling—to comply with the law.’ And quite troubling is CFPB’s highlighting that the credit bureaus reported relief in response to less than 2% of covered complaints.

“The CFPB report provides ample evidence that the credit bureaus have failed to comply with the Fair Credit Reporting Act (FCRA)’s dispute investigation requirements; however, this failure has been ongoing for decades, ever since the FCRA was passed in 1970. We wrote about the perfunctory, biased travesty of justice that is the credit bureaus’ dispute system back in 2009, in Automated Injustice: How a Mechanized Dispute System Frustrates Consumers Seeking to Fix Errors in Their Credit Reports. Ten years later, in our report Automated Injustice Redux, we noted that, despite the best efforts of the CFPB and state Attorneys General, the credit bureaus continued these practices.

“It is way past time for reform. The CFPB is the supervisor and regulator for the credit bureaus; what other industry would dare refuse to provide meaningful relief in 98% of the consumer complaints referred to them by their supervisor? This level of impunity against its own regulator must be met with swift, assertive, and uncompromising action that fundamentally reforms the credit bureaus in a deep, structural manner.

“Congress should also act, by passing the type of omnibus, head-to-toe reform legislation (H.R. 4120) that the House of Representatives already passed once in January 2020. Or better yet, by scrapping the system and starting over with a public credit registry as proposed by Demos.”