



Credit scores and credit reports, as well as [background check](#) and tenant screening reports, impact a consumer's ability to obtain credit, buy a house, rent an apartment, obtain insurance, and find a job. Yet these reports are [full of errors](#), 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.

Credit and consumer reporting need serious, systemic reforms to ensure fairness and accuracy, and to promote economic recovery by ensuring access to affordable credit, housing, and jobs. Some of these reforms can be accomplished by the Biden Administration using the administrative authority of the Consumer Financial Protection Bureau (CFPB), either within the first 100 days or using the Bureau's rulemaking authority. Other reforms will require Congress to pass legislation.

The CFPB should:

- Set up a separate 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. **(First 100 Days)**.
- Require all consumer reporting agencies (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 **(First 100 Days)**.
- Encourage credit scoring companies to develop algorithms that reduce the impact of racial disparities. **(First 100 days)**.
- Issue regulations requiring greater accuracy in credit and consumer reporting, including:
 - requiring credit bureaus and background check agencies to use stricter matching criteria (such as all nine digits of the consumer's Social Security number) to prevent misidentification of consumers;
 - requiring background check agencies to verify records retrieved through an automated search using the records' original source; and
 - codifying existing regulatory and judicial interpretations that court records that are sealed or expunged, particularly criminal and eviction court records, cannot be reported by consumer reporting agencies **(Regulations)**.
- If there is a dispute over the legal validity of a debt reported on a credit report, require that the debt be marked as disputed and be prohibited from being considered in a credit score unless a court judgment holds the consumer liable **(Regulations)**.
- Codify the provisions of the credit bureaus' settlement with 34 state attorneys general that delay the reporting of medical debt for 180 days and remove debts paid by insurance **(Regulations)**.
- For employment use of consumer reports, establish a time frame for the number of days an employer must wait between sending a pre-adverse action notice and taking adverse

action that allows an applicant adequate time to dispute and correct any errors (**Regulations**).

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

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. 3621) 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 information that is related to predatory activities;
 - 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 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.
- 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 recommendation listed for the CFPB that would require a regulation could be also mandated by Congress.