



2023 Credit & Consumer Reporting Priorities to Promote Economic Stability

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Credit reports and scores, tenant and employment screening reports, and other 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 reform.

Credit reports are [the top source \(more than 50%\)](#) of complaints to the Consumer Financial Protection Bureau (CFPB). They are [full of errors](#), penalize consumers for [far too long](#), include harmful information such as [medical debts](#) and [rental 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.

[Background check](#) and [tenant screening reports](#) are also problematic and full of inaccuracies. They often [tag the wrong person](#) with an eviction or criminal record; include sealed, expunged, or obsolete eviction or criminal records; include eviction complaints that did not lead to a judgment; misclassify criminal offenses, or omit information about the disposition of a criminal or eviction case. Tenant screening companies 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 recent spikes in rent and shortage of affordable housing, since it can prevent renters from obtaining the little affordable and safe housing that is available.

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 CFPB, which has announced a possible rulemaking under the Fair Credit Reporting Act (FCRA). Other reforms will require Congress to pass legislation.

The CFPB should:

- Issue regulations requiring greater accuracy in credit and consumer reporting, including:
 - requiring credit bureaus and other consumer reporting agencies to use stricter matching criteria (such as all nine digits of the consumer's Social Security number) to prevent misidentification of consumers;
 - requiring tenant, employment, and other 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;

- codifying the position that CRAs and furnishers are required to investigate all non-frivolous disputes, including if there is a legal dispute over a debt;
 - prohibiting disputed debts from being considered by users and credit scoring models unless and until the dispute is resolved via independent investigation; and
 - requiring 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.
- Issue regulations that provide greater access to credit and other consumer reports by:
 - requiring nationwide credit and consumer reporting agencies to provide reports to consumers in Spanish and 10 other languages commonly used by limited English speakers;
 - prohibiting CRAs from making excessive demands for identification of consumers in order to obtain their consumer reports, such as trick security questions that are difficult to answer and documents that not all consumers (especially vulnerable consumers) can obtain, such as drivers licenses and utility bills;
 - ensuring that CRAs provide all information in a consumer's file, such as soft inquiries, even if the information is not provided in a consumer report to a third party; and
 - reaffirming that the FCRA applies to certain companies—including data brokers and other data vendors—that sell information used for FCRA-covered purposes (e.g. screening for credit, employment, tenant, government benefits) and that disclaimers do not provide a safe harbor from FCRA coverage.
 - Improve credit and consumer reporting dispute resolution by:
 - setting up an ombuds program or 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.
 - amend the definition of identity theft to cover any information on a report that resulted from coercion.
 - Address racial disparities in credit scores and tenant screening recommendations by:
 - encouraging credit scoring companies to develop algorithms that reduce the impact of racial disparities; and
 - examining algorithms that make tenant screening recommendations to assess racial disparities and scientific validity.
 - Address credit invisibility while protecting consumers' control over their own data and ensuring the most vulnerable are not harmed, including:
 - closely monitoring use of alternative data and new and emerging technologies, including artificial intelligence models; and

- issuing a rule under Section 1033 of the Dodd-Frank Act that gives consumers full and meaningful control over their data from deposit accounts, credit accounts, and other covered products and services.

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](#) 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;
 - 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.
- 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.
- Prohibit tenant, employment, and other background screening companies from reporting information that is not predictive or minimally predictive yet is often unfairly used to deny critical necessities, including eviction records where the eviction filing did not result in a judgment against the tenant and criminal convictions older than seven years.
- Give the CFPB or Federal Trade Commission (FTC) supervisory authority over tenant, employment, and other background screening companies and over data security for all consumer reporting agencies.

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

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