



2024 Credit & Consumer Reporting Priorities to Promote Economic Stability

March 2024

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, open or keep a bank account, and 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; and 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 and finalize a rule prohibiting the appearance of medical debts in credit reports.
- Adopt the following provisions as part of its forthcoming FCRA rulemaking to ensure greater accuracy in credit and consumer reporting:
 - require 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;

- require tenant, employment, and other background screening companies to verify records retrieved through an automated search using the records' original source;
 - finalize the proposal for a rule stating that CRAs and furnishers have an obligation to conduct a reasonable investigation of a consumer's dispute when it involves a legal dispute;
 - prohibit disputed debts from being considered by users and credit scoring models unless and until the dispute is resolved via independent investigation; and
 - impose strict requirements as suggested in NCLC's March 2023 [Petition for Rulemaking](#) on the furnishing of debt collection items in credit reports.
- 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;
 - requiring the CRAs to be clear in a response to a request for a credit report about what the specific and actual reason is for not providing one to the consumer and not providing multiple reasons; and
 - issuing and finalizing the proposal to cover under the FCRA data brokers and other data vendors that sell information of the type used for FCRA-covered purposes (e.g. financial information, criminal records).
- Improve credit and consumer reporting dispute resolution by:
 - creating a Credit Reporting Ombuds office to help consumers, especially those with educational or literacy challenges, to fix errors.
 - 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.
 - amending the definition of identity theft to cover any information on a report that resulted from coercion.
 - prohibit the application of forced arbitration clauses in credit monitoring contracts to FCRA claims for inaccuracies and disputes
- 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 that the most vulnerable are not harmed, including closely monitoring use of alternative data and new and emerging technologies, such as artificial intelligence models.
- Requiring that users provide adverse action notices in languages other than English when the user knows that the consumer is limited English proficient.
- Requiring registration of CRAs.

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.
- Require disclosure of tenant screening scores and recommendations, along with information about how the algorithmic scoring model treats information such as criminal or eviction records.
- 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.

For more information, contact National Consumer Law Center Attorney Chi Chi Wu (cwu@nclc.org).