

Across the country, millions of people are frustrated with the Big Three credit bureaus, Equifax, Experian, and TransUnion. In 2025, a whopping **5 million people filed complaints** with the Consumer Financial Protection Bureau (CFPB) against the credit bureaus. **Tens of millions of individuals send disputes directly to the credit bureaus each year**, invoking their rights under the Fair Credit Reporting Act. With the Trump Administration attempting to dismantle the CFPB, states must take up the mantle of protecting their residents from mistakes and abuses by the credit bureaus.



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A Broken, Dysfunctional System

Credit reports are **chock-full of errors**, such as debts resulting from identity theft, information belonging to other people with similar names and Social Security numbers (SSNs) appearing on the consumer's report (known as "mixed files"), and even **living consumers marked as dead**. The **Federal Trade Commission's (FTC) landmark study** found that one in five consumers has a verified error in their credit report, and one in 20 has an error so serious that they'd be denied credit or forced to pay more for it. More recent studies by Consumer Reports in **2021** and **2024** show similar percentages.

The federal Fair Credit Reporting Act (FCRA) requires credit bureaus to conduct a **"reasonable investigation"** when a consumer sends a dispute to those companies alleging an error. But the credit bureaus have adopted **an automated travesty of a system** for dispute resolution, where they do little more than upload the consumer's dispute and send a two-or-three digit code to the "furnisher," the creditor or debt collector who supplied the information. Whatever the furnisher responds with, the credit bureaus consistently accept, like a judge who always rules for the defendant. This happens even when the consumer has definitive proof they are right, such as a court judgment or legal settlement stating they aren't liable for the debt or a police report documenting ID theft.

Bad Court Decisions Make a Terrible Situation Worse

Unfortunately, federal courts have abetted the failures of the credit bureaus by inventing judicial doctrines that let credit bureaus off the hook even for egregious errors, such as failing to remove accounts appearing due to identity theft. One of the worst doctrines immunizes credit bureaus from liability if they can characterize a dispute as “legal” in nature or if they claim the inaccuracy is not “objective and verifiable.” This judge-made doctrine flies in the face of the [FCRA's plain language](#) requiring deletion of information if an investigation finds it is “inaccurate or incomplete or **cannot be verified**.” (emphasis added). The result is that consumers struggle to get relief from errors, as credit bureaus conduct shoddy and perfunctory dispute investigations.

In other words, courts have put the burden on innocent consumers to show they are not guilty of bad debts, instead of putting the burden on the credit bureaus, as the federal FCRA requires. Some of the worst cases letting credit bureaus or furnishers go scot-free involve identity theft cases, such as recent decisions in [Texas](#), [New York](#), and [Florida](#). In the Florida case, the thief even pled guilty to charges of identity theft and fraud, yet the credit bureau and credit card lender refused to remove the wrongful information from the victim's credit report, and the court absolved them of responsibility.

The Biden-era CFPB and FTC filed amicus briefs in lawsuits in [New Jersey](#), [New York](#), [North Carolina](#) and other states arguing against this “legal dispute” doctrine. The CFPB had also taken [the first step](#) to reverse the doctrine via regulation, but then ran out of time before being sidelined by the Trump Administration. **Now it is up to the states to hold the credit bureaus accountable and ensure consumers can get their credit reports corrected.**

What States Can Do to Combat Credit Bureau Abuses

With the CFPB sidelined, states should step up to hold the credit bureaus accountable. State Attorneys General can enforce the federal FCRA. In 2015, a group of 32 Attorneys General [reached a settlement with the credit bureaus](#) to improve their treatment of disputes, medical debts, mixed files, and identity theft information. State Attorneys General should consider taking similar action given the current lack of federal oversight of the credit bureaus.

States can also adopt laws to regulate the credit bureaus, or issue regulations or guidance. About half of the states have enacted their own “mini-FCRA” credit reporting laws. These laws [vary in their provisions](#), but several of them include accuracy and dispute resolution requirements similar to the federal FCRA. Those states could adopt regulations or guidance under these state requirements, similar to what the Biden-era CFPB attempted. Other states could adopt their own mini-FCRA requirements for accuracy and dispute resolution. A summary of state mini-FCRA laws is available in Appendix H of NCLC's [Fair Credit Reporting treatise](#) [contact Chi Chi Wu (cwu@nclc.org) for access].

States with existing mini-FCRA laws that contain a dispute resolution requirement could adopt a regulation requiring credit bureaus to investigate a dispute even if the credit bureaus assert it is “legal” in nature. They could also make clear that their state laws place the burden of showing that information is verifiable on the credit bureau, not the consumer.

States could address other problems through their laws requiring credit bureaus to follow reasonable procedures for maximum possible accuracy, such as adopting regulations or guidance that:

1. Require credit bureaus to use stricter criteria for matching data to consumers, such as requiring a match of all nine digits of a consumer’s SSN instead of the [seven out of nine digits they currently use](#).
2. Prohibit the reporting of facially illogical or internal inconsistent information, such as tagging a consumer as “deceased” even when the consumer’s credit card accounts are showing regular activity and payments. The Biden-era CFPB issued [guidance prohibiting such “junk data.”](#)

States adopting mini-FCRA laws or regulations must always grapple with preemption, i.e., the ability of federal laws to override state laws. The FCRA has a [messy and complicated](#) preemption scheme. However, the FCRA likely would *not* preempt regulations or guidance clarifying existing state law requirements for accuracy or dispute resolution. For more on FCRA preemption, see NCLC’s article [What the CFPB’s Recent FCRA Preemption Guidance Gets Wrong](#).

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