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### **Recommendations to the Federal Trade Commission On Fair Credit Reporting**

Over the past eight years, there has been a lack of regulatory action directed towards the core credit reporting and dispute handling functions of the three nationwide consumer reporting agencies (CRAs), *i.e.*, Equifax, Experian, and TransUnion. As credit reports become more widely used for everything from insurance to employment to loan applications, the current economic crisis requires that the FTC take decisive action to address rampant, well documented problems. Problems include inaccurate information from furnishers, mismatched information in files, a completely broken system for investigating consumer disputes, and abusive reporting by debt collectors and debt buyers. The FTC's 2004 report on credit reporting accuracy and 2006 report with the Federal Reserve Board on the FCRA dispute process found serious problems but did not recommend any actions.

Among other actions, the FTC should:

- Take enforcement action against the CRAs' blatant noncompliance with the FCRA dispute and investigation requirements. The perfunctory automated ACDV/e-OSCAR is a travesty. The CRAs must be required to conduct meaningful investigations, not just turn dispute letters into 2 digit codes and parrot whatever the furnisher verifies.
- Require CRAs to send to the furnisher all documents submitted by the consumer in an FCRA dispute pursuant to the FCRA's requirement that "all relevant information" be forwarded.
- Require CRAs and furnishers to promulgate technical specifications for the Metro 2 reporting format that allow CRAs to track transferred accounts, prevent duplicate accounts, and prevent reinsertion by furnishers of deleted incorrect items.
- Require the CRAs to use the full identifying information of consumers when matching information to a file, including all nine digits of the consumer's Social Security number.
- Require CRAs to provide a copy of the same report they issued a creditor when the consumer subsequently requests a copy of his/her credit report after an adverse action.
- Stop CRAs from their deceptive use of the term "free credit report" and the website "freecreditreport.com" to sell a product rather than provide the congressional mandated free credit report. Take enforcement action against the CRAs under the FTC Act for other deceptive marketing and credit monitoring practices.
- Take more enforcement actions against non-bank furnishers, especially against debt collectors who re-age information and lack documentation to support their reporting.



- Issue the furnisher accuracy guidelines quickly, and implement the stronger approach recommended by the FTC that requires both accuracy and completeness.
- Support private enforcement efforts by issuing an interpretive rule, policy statement, or formal advisory opinion that endorses the availability of private injunctive relief under the FCRA, by filing amicus briefs supporting that position, and supporting legislation providing for private injunctive relief.
- Support legislation correcting the scrivener's error that courts have interpreted to remove the private right of action for failure to provide an adverse action notice.
- Take action against the use of "mortgage trigger lists" (lists of consumers who recently applied for mortgages sent to competing brokers) for FCRA violations such as the CRAs' lax standards in screening brokers, failure to provide true "firm offers of credit," and illegal mortgage broker acquisition of full credit reports in addition to a list of names.