

Consumer and Family Sciences



Department of Consumer
Sciences and Retailing

To Your Credit: Fact Sheet 10

Understanding the Updated Fair Credit Reporting Act



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<http://web.aces.uiuc.edu/cfe/ccs/index.html>*

If you have ever applied for a charge account, a personal loan, insurance, or a credit card, someone is probably keeping a file on you. This file contains information on where you work and live, who you have credit with, how much you owe, your payment history, property liens and judgements, and whether you have ever filed for bankruptcy. The companies that gather and sell this information are called credit-reporting agencies, and the information they collect comes from creditors, employers, and insurers, among others.

In 1971, Congress passed the Fair Credit Reporting Act (FCRA), which protects your rights as a consumer. You may see your credit report, but no one else may legally review your report unless they intend to use the information in connection with a credit transaction, for employment purposes, to underwrite insurance, in response to a court order, or in conjunction with a legitimate business need.

The Fair Credit Reporting Act protects consumers by requiring credit-reporting agencies and bureaus to furnish correct and complete information to businesses to use in evaluating your applications for credit, insurance, or a job. In 1997, changes in the Fair Credit Reporting Act gave consumers more power to preserve, protect, and defend their credit records. The new law covers four important issues.

1. Information in your credit report

The original FCRA prevented past errors from haunting you forever. The law required credit agencies to delete serious negative credit information from your credit report after seven years, bankruptcies after 10.

Credit reporting agencies

TransUnion

www.transunion.com

- To report problems
1-800-916-8800
- To get off mailing lists
1-888-567-8688

Equifax

www.equifax.com

- To report problems
1-800-685-1111
- To get off mailing lists
1-800-567-8688

Experian

www.experian.com

- To report problems
1-888-397-3742
- To get off mailing lists
1-800-567-8688

To make it easier to correct mistakes, credit bureaus must staff toll-free telephone numbers. You can also call a toll-free number to take your name off marketing lists

Consumers may direct disputes to the credit-reporting agency. In addition, credit-reporting agencies must consider information from you, not just from your creditors. If you have a canceled check or a letter from a creditor showing that a payment was settled, the credit bureau has to accept that as proof of payment. Previously, you had to convince the creditor to let the credit bureau know the debt had been paid.

2. Access to your credit report

Previously, you were entitled to a free copy of your credit report within 60 days of being turned down for a credit card or a loan. Now you also have the right to see your credit report at no cost if information in it led to your being denied any benefit — renting an apartment, for example. Victims of identity theft, those receiving government assistance, and the unemployed now have the right to one free report each year. In addition, if credit is denied based on information in a credit report, the credit grantor must tell you the name and address of the credit bureau that supplied the information.

3. Correcting errors in your credit report

Creditors now have more responsibility to give credit bureaus accurate information about you. They must certify that information in your credit report is correct. You can sue the credit bureau if it does not correct mistakes in your credit report after you have notified it of the errors.

Credit-reporting agencies and bureaus are legally required to share corrections with each other. Once you correct your credit report with one agency, it should be automatically corrected with the others. Credit bureaus also cannot put disputed information back into your report without telling you. It is no longer up to you to keep checking to make sure the right information is there. To make it easier to correct mistakes, credit-reporting agencies must also staff toll-free telephone numbers and correct mistakes within 30 days of being notified.

4. Privacy

Credit-reporting agencies and similar firms cannot release your records to a prospective employer without your written authorization. They also cannot disclose medical information to insurers and others without your consent. Also, you can ask to have your name removed from the lists credit bureaus sell to banks and insurance companies for marketing purposes, such as preapproved credit offers. You can call to get off the lists for two years, or fill out a form for a permanent opt-out. If you call any one of the three major credit-reporting agencies, you are taken off the list of all three. On the downside, banks and stores now can share credit reports and applications with their affiliates. However, they must send you a letter giving you the right to stop them from sharing your information.

Despite these new rights, remember there is no way to remove negative information about you in your credit report if it is correct. The Federal Trade Commission Web site at www.ftc.gov has more information about the Fair Credit Reporting Act.