

Privacy Basics

Fair Credit Reporting Act Basics



Privacy Rights
Clearinghouse

The **Fair Credit Reporting Act (FCRA)** is a federal law that was enacted to promote the accuracy, fairness and privacy of information in credit reporting agency files. Various federal agencies enforce and write rules implementing the FCRA. States may also enforce the FCRA and enact additional laws (except to the extent that they're inconsistent with the FCRA).



Sections to Follow

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A Brief History

1970

Congress Passed the Fair Credit Reporting Act

The FCRA was the first federal law to regulate the use of personal information by businesses and was enacted in response to the expansion of the credit reporting industry. Its purpose is to promote the accuracy, fairness and privacy of information assembled by credit reporting agencies.

1996

Congress Passed the Consumer Credit Reporting Reform Act

The Consumer Credit Reporting Reform Act significantly amended the FCRA to address inaccuracies in credit reporting.

2003

Congress Passed the Fair and Accurate Credit Transactions Act

The Fair and Accurate Credit Transactions Act (FACTA) amended the FCRA to give individuals the right to request and receive one free credit report a year and to purchase a credit score with information about how it's calculated. FACTA required risk-based-pricing notices and credit scores be available to consumers in connection with denials or less-favorable offers of credit. It also added provisions to prevent and mitigate identity theft.

2010

Congress Passed the Consumer Financial Protection Act (Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act)

The Consumer Financial Protection Act transferred parts of the FCRA's rulemaking authority to the Consumer Financial Protection Bureau.

2018

Congress Passed the Economic Growth, Regulatory Relief and Consumer Protection Act

Section 301 (Fraud Alerts and Security Freezes)

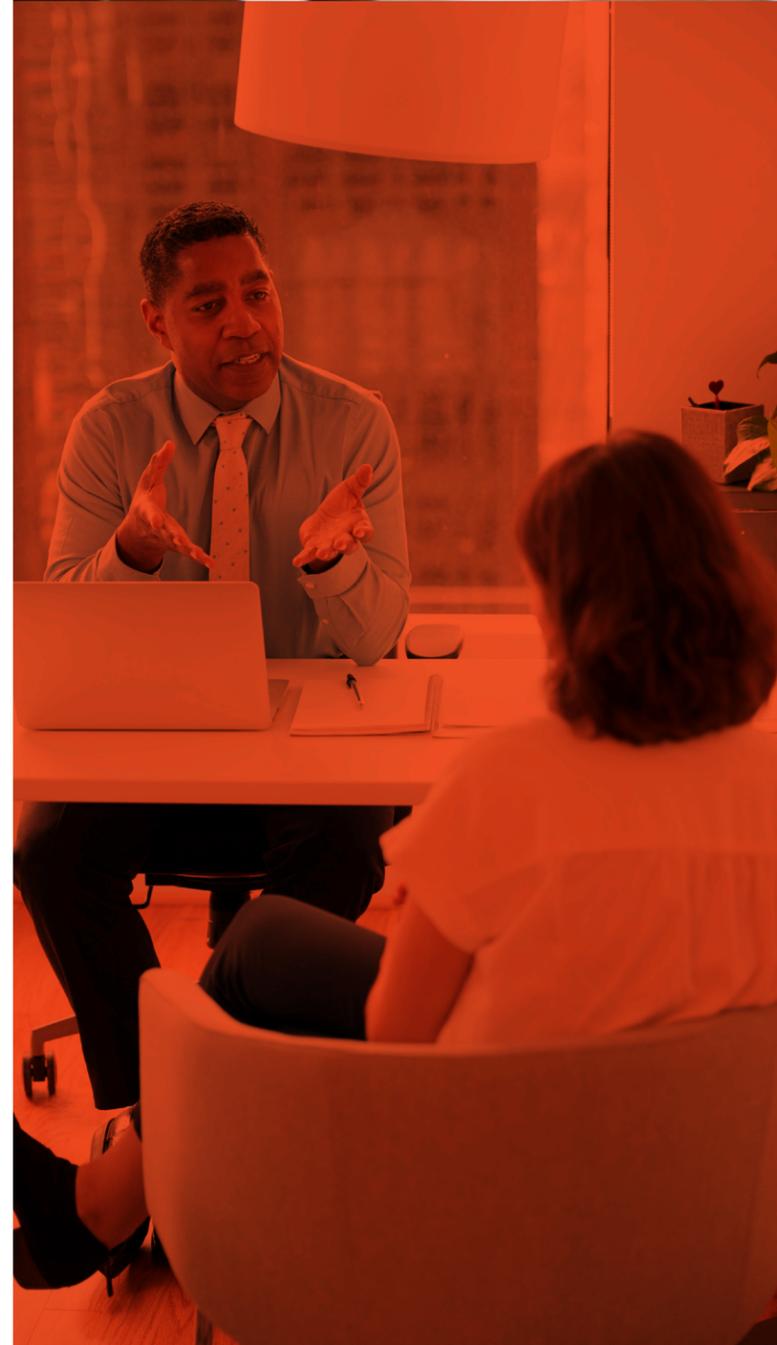
Amended the FCRA to require credit bureaus to provide fraud alerts for at least one year and created new protections for minors. It also provided individuals with the right to place (and remove) security freezes on credit reports free of charge.

Section 302 (Veterans' Credit Reports)

Amended the FCRA to improve procedures for veterans and active-duty military members to address medical debt on their credit reports.

Section 602 (Student Loans)

Amended the FCRA to include procedures for individuals to address defaults on private and federal student loans.



Who Must Comply

Consumer Reporting Agencies

A *consumer reporting agency (CRA)* assembles or evaluates consumer credit information for the purpose of furnishing consumer reports to third parties.

The three national CRAs (credit bureaus) are

- Equifax
- Experian
- TransUnion

Other kinds of CRAs include

- employment screening companies
- check screening companies
- tenant screening companies
- certain types of data brokers

The Consumer Financial Protection Bureau maintains a list of companies that collect information and prepare consumer reports about individuals.

Furnishers

Furnishers report information about individuals to CRAs. They have legal obligations under the FCRA Furnisher Rule to furnish information that is accurate and complete, and investigate disputes about the accuracy of the information they provide. The Federal Trade Commission, Consumer Financial Protection Bureau and federal banking agencies each have published a Furnisher Rule.

Consumer Report Users

Though they may not be considered CRAs or furnishers, it is important to note that anyone who uses consumer reports has obligations under the FCRA. This includes

- credit reporting agencies
- individuals
- financial institutions
- government entities.



Information Covered

In general, a *consumer report* is any communication of information by a consumer reporting agency indicating a person's

- credit worthiness
- credit standing
- credit capacity
- character
- general reputation
- personal characteristics
- mode of living

to determine whether that person is eligible for

- credit
- a business account
- a business transaction
- insurance
- a license
- a government benefit
- employment
- a government travel card

An investigative consumer report is a type of consumer report that contains information about a person's

- character
- general reputation
- personal characteristics
- mode of living

It is obtained during an interview with another person rather than a CRA or furnisher.

Individuals' Rights

Under the FCRA, individuals have the right to

- be notified if a company takes any adverse action against a them based on information in a consumer report (company must provide the name, address and phone number of the agency that provided the information)
- know what is in their file
- ask for a credit score
- dispute incomplete or inaccurate information
- have inaccurate, incomplete or unverifiable information corrected or deleted by a CRA (CRAs may not report outdated negative information)
- provide written consent before a report is provided to an employer (not generally required in the trucking industry)
- limit pre-screened offers of credit and insurance based on information in a credit report
- obtain a security freeze from the three national CRAs
- sue in some situations

* Identity theft victims and active duty military personnel have additional rights.

Enforcement

The Federal Trade Commission and the Consumer Financial Protection Bureau share primary enforcement authority with respect to CRAs, furnishers and users of consumer reports. However, there are other federal government agencies that enforce certain provisions of the FCRA or regulate distinct industries more generally.

States are also able to enforce the FCRA (many states have stronger consumer protections).

In some cases, individuals may sue for damages under the FCRA. An individual can sue if

- they are harmed because a company willfully or negligently violated the FCRA
- a company obtains a consumer report under false pretenses or knowingly without a permissible purpose
- a furnisher has failed to respond to disputes about the accuracy or completeness of information provided to a CRA

The statute of limitations to sue is two years from the date of discovery of the violation or five years after the date that the violation occurred (whichever is earlier).





**Millions
Impacted by
Data Breaches**

**Our
Reality**



No comprehensive
Right to Privacy



Little Trust
in those who **collect, use**
and **share** our data



Lack of Power
to protect our privacy

Protecting Privacy for All

Our
Mission

Since 1992, Privacy Rights Clearinghouse has been **protecting privacy for all** by **empowering individuals** and **advocating for positive change**.

We focus exclusively on consumer privacy rights and issues, and strive to provide clarity on complex topics by **publishing extensive educational materials** and directly **answering people's questions**. We are also **amplifying the public's voice** through their individual stories—often underrepresented in policy discussions—in our work **championing strong privacy protections**.

We hope that this resource has been useful. If you would like to support the development and creation of further educational materials, please consider donating to our organization.

[privacyrights.org/donate](https://www.privacyrights.org/donate)

The image is a collage of three photographs showing business professionals in a meeting. The top photo shows two women sitting at a table, one pointing at a document. The middle photo shows a man and a woman looking at a laptop. The bottom photo shows a man's hands on a laptop keyboard. The entire collage is overlaid with a large, curved orange shape and a blue shape that resembles a stylized 'P' or a swoosh.

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