
YOUR DUTIES UNDER THE FAIR CREDIT REPORTING ACT

*The Staff of the
Consumer Financial Protection Bureau (CFPB)
has prepared the following required notices in
compliance with the
Fair Credit Reporting Act (FCRA)*

All users of consumer reports must comply with all applicable regulations. Information about applicable regulations currently in effect can be found at the Consumer Financial Protection Bureau's website, www.consumerfinance.gov/learnmore.

NOTICE TO USERS OF CONSUMER REPORTS: OBLIGATIONS OF USERS UNDER THE FCRA

The Fair Credit Reporting Act (FCRA), 15 USC 1681-1681y, requires that this notice be provided to inform users of consumer reports of their legal obligations. State law may impose additional requirements. The text of the FCRA is set forth in full at the Consumer Financial Protection Bureau's (CFPB) website at (insert link). At the end of this document is a list of United States Code citations for the FCRA. Other information about user duties is also available at the CFPB's website. **Users must consult the relevant provisions of the FCRA for details about their obligations under the FCRA.**

The first section of this summary sets forth the responsibilities imposed by the FCRA on all users of consumer reports. The subsequent sections discuss the duties of users of reports that contain specific types of information, or that are used for certain purposes, and the legal consequences of violations. IF you are a furnisher of information to a consumer reporting agency (CRA), you have additional obligations and will receive a separate notice from the CRA describing your duties as a furnisher.

I. OBLIGATIONS OF ALL USERS OF CONSUMER REPORTS

A. Users Must Have a Permissible Purpose

Congress has limited the use of consumer reports to protect consumers' privacy. All users must have a permissible purpose under the FCRA to obtain a consumer report. Section 604 contains a list of the permissible purposes under the law. These are:

- As ordered by a court or a federal grand jury subpoena. Section 604(a)(1)
- As instructed by the consumer in writing. Section 604(a)(2)
- For the extension of credit as a result of an application from a consumer, or the review or collection of a consumer's account. Section 604(a)(3)(A)
- For employment purposes, including hiring and promotion decisions, where the consumer has given written permission. Sections 604(a)(3)(B) and 604(b)
- For the underwriting of insurance as a result of an application from a consumer. Section 604(a)(3)(C)
- When there is a legitimate business need, in connection with a business transaction that is initiated by the consumer, Section 604(a)(3)(F)(i)
- To review a consumer's account to determine whether the consumer continues to meet the terms of the account. Section 604(a)(3)(F)(ii)
- To determine a consumer's eligibility for a license or other benefit granted by a governmental instrumentality required by law to consider an applicant's financial responsibility or status. Section 604(a)(3)(D)
- For use by a potential investor or services, or current insurer, in a valuation or assessment of the credit or prepayment risks associated with an existing credit obligation. Section 604(a)(3)(E)

- For use by state and local officials in connection with the determination of child support payments, or modifications and enforcement thereof, Section 604(a)(4) and 604(a)(5)

In addition, creditors and insurers may obtain consumer report information for the purpose of making “prescreened” unsolicited offers of credit or insurance. Section 604(c). The particular obligations of users of “prescreened” information are described in Section VII below.

B. Users Must Provide Certifications

Section 604(f) prohibits any person from obtaining a consumer report from a consumer reporting agency (CRA) unless the person has certified to the CRA the permissible purpose(s) for which the report is being obtained and certifies that the report will not be used for any other purpose.

C. Users Must Notify Consumers When Adverse Actions Are Taken

The term “adverse action” is defined very broadly by Section 603. “Adverse actions” include all business, credit, and employment actions affecting consumers that can be considered to have a negative impact as defined by Section 603(k) of the FCRA, such as denying or canceling credit or insurance, or denying employment or promotion. No adverse action occurs on a credit transaction where the creditor makes a counteroffer that is accepted by the consumer.

1. Adverse Actions Based on Information Obtained From a CRA

If a user takes any type of adverse action as defined by the FCRA that is based at least in part on information contained in a consumer report, Section 615(a) requires the user to notify the consumer. The notification may be done in writing, orally, or by electronic means. It must include the following:

- The name, address, and telephone number of the CRA (including a toll-free telephone number, if it is a nationwide CRA) that provided the report.
- A statement that the CRA did not make the adverse decision and is not able to explain why the decision was made.
- A statement setting forth the consumer’s right to obtain a free disclosure of the consumer’s file from the CRA if the consumer makes a request within 60 days.
- A statement setting forth the consumer’s right to dispute directly with the CRA the accuracy or completeness of any information provided by the CRA.

2. Adverse Actions Based on Information Obtained From Third Parties Who Are Not Consumer Reporting Agencies

If a person denies (or increases the charge for) credit for personal, family, or household purposes based either wholly or partly upon information from a person other than a CRA, and the information is the type of consumer information covered by the FCRA, Section 615(b)(1) requires that the user clearly and accurately disclose to the consumer his or her right to be told the nature of the information that was relied upon if the consumer makes a written request within 60 days of notification. The user must provide the disclosure within a reasonable period of time following the consumer’s written request.

3. Adverse Actions Based on Information Obtained From Affiliates

If a person takes an adverse action involving insurance, employment, or a credit transaction initiated by the consumer, based on information of the type covered by the FCRA, and this information was obtained from an entity affiliated with the user of the information by common ownership or control, Section 615(b)(2) required the user to notify the consumer of the adverse action. The notice must inform the consumer that he or she may obtain a disclosure of the nature of the information relied upon by making a written request within 60 days of receiving the adverse action notice. If the consumer makes such a request, the users must disclose the nature of the information not later than 30 days after receiving the

request. If the consumer report information is shared among affiliates and then used for an adverse action, the user must make an adverse action disclosure as set forth in I.C.1 above.

D. Users Have Obligation When Fraud and Active Duty Military Alerts are in Files

When a consumer has placed a fraud alert, including one relating to identity theft, or an active duty military alert with a nationwide consumer reporting agency as defined in Section 603(p) and resellers, Section 605A(h) imposes limitation on users of reports obtained from the consumer reporting agency in certain circumstances, including the establishment of a new credit plan and the issuance additional credit cards. For initial fraud alerts and active duty alerts, the user must have reasonable policies and procedures in place to form a belief that he user knows the identity of the applicant or contact the consumer at a telephone number specified by the consumer; in the case of extended fraud alerts, the sure must contact the consumer in accordance with the contact information provided in the consumer's alert.

E. Users Have Obligation When Notified of an Address Discrepancy

Section 605(h) requires nationwide CRAs, as defined in Section 604(p), to notify users that request reports when the address for a consumer provided by the user in requesting the report is substantially different from the addresses in the consumer's file. When this occurs, users must comply with regulation specifying the procedures to be followed. Federal regulations are available at www.consumerfinance.gov/learnmore.

F. Users Have Obligations When Disposing of Records

Section 628 requires that all users of credit report information have in place procedures to properly dispose of records containing this information. Federal regulations have been issued that cover disposal.

II. CREDITORS MUST MAKE ADDITIONAL DISCLOSURES

If a person uses a consumer report in connection with an application for, or a grant, extension, or provision of, credit to a consumer on material terms that are materially less favorable than the most favorable terms to a substantial proportion of consumers from or through that person, based in whole or in part on a consumer report, the person must provide a risk-based pricing notice to the consumer in accordance with regulations prescribed by the CFPB.

Section 609(g) requires a disclosure by all persons that make or arrange loans secured by residential real property (one to four unites) and that use credit scores. These persons must provide credit scores and other information about credit scores to applicants, including the disclosure set forth in Section 609(g)(1)(D) ("Notice to the Home Loan Applicant").

III. OBLIGATIONS OF USERS WHEN CONSUMER REPORTS ARE OBTAINED FOR EMPLOYMENT PURPOSES.

A. Employment Other Than in the Trucking Industry

If information from a CRA is used for employment purposes, the user has specific duties, which are set forth in Section 604(b) of the FCRA. The user must:

- Make a clear and conspicuous written disclosure to the consumer before the report is obtained, in a document that consists solely of the disclosure, that a consumer report may be obtained.
- Obtain from the consumer prior written authorization. Authorization to access reports during the term of employment may be obtained at the time of employment.
- Certify to the CRA that the above steps have been followed, that the information being obtained will not be used in violation of any federal or state equal opportunity law or regulation, and that, if any adverse action is to be taken based on the consumer report, a copy of the report and a summary of the consumer's rights will be provided to the consumer.

- **Before** taking an adverse action, the user must provide a copy of the report to the consumer as well as the summary of the consumer's rights. (The user should receive this summary from the CRA.) A Section 615(a) adverse action notice should be sent after the adverse action is taken.

An adverse action notice also is required in employment situations if credit information (other than transactions and experience data) obtained from an affiliate is used to deny employment. Section 615(b)(2).

The procedures for investigative consumer reports and employee misconduct investigations are set forth below.

B. Employment in the Trucking Industry

Special rules apply to truck drivers where the only interaction between the consumer and the potential employer is by mail, telephone, or computer. In this case, the consumer may provide consent orally or electronically, and an adverse action may be made orally, in writing, or electronically. The consumer may obtain a copy of any report relied upon by the trucking company by contacting the company.

IV. OBLIGATIONS WHEN INVESTIGATIVE CONSUMER REPORTS ARE USED

Investigative consumer reports are a special type of consumer report in which information about a consumer's character, general reputation, personal characteristics, and mode of living is obtained through personal interviews by an entity or person that is a consumer reporting agency. Consumers who are the subjects of such reports are given special rights under the FCRA. If a user intends to obtain an investigative consumer report, Section 606 requires the following:

- The user must disclose to the consumer that an investigative consumer report may be obtained. This must be done in a written disclosure that is mailed, or otherwise delivered, to the consumer at some time before or not later than three days after the date on which the report was first requested. The disclosure must include a statement informing the consumer of his or her right to request additional disclosures of the nature and scope of the investigation as described below, and the summary of consumer rights will be provided by the CRA that conducts the investigation.)
- The user must certify to the CRA that the disclosures set forth above have been made and that the user will make the disclosure described below.
- Upon the written request of a consumer made within a reasonable period of time after the disclosures required above, the user must make a complete disclosure of the nature and scope of the investigation. This must be made in a written statement that is mailed, or otherwise delivered, to the consumer no later than five days after the date on which the request was received from the consumer or the report was first requested, whichever is later in time.

V. SPECIAL PROCEDURES FOR EMPLOYEE INVESTIGATIONS

Section 603(x) provides special procedures for investigations of suspected misconduct by an employee or for compliance with Federal, state or local laws and regulations or the rules of a self-regulatory organization, and compliance with written policies of the employer. These investigations are not treated as consumer reports so long as the employer or its agent complies with the procedures set forth in Section 603(x), and a summary describing the nature and scope of the inquiry is made to the employee if an adverse action is taken based on the investigation.

VI. OBLIGATIONS OF USERS OF MEDICAL INFORMATION

Section 604(g) limits the use of medical information obtained from consumer reporting agencies (other than payment information that appears in a coded form that does not identify the medical provider). If the information is to be used for an insurance transaction, the consumer must give consent to the user of the report or the information must be coded. If the report is to be used for employment purposes-or in

connection with a credit transaction (except as provided in federal regulations) –the consumer must provide specific written consent and the medical information must be relevant. Any user who received medical information shall not disclose the information to any other person (except where necessary to carry out the purpose for which the information was disclosed, or as permitted by statute, regulation or order).

VII. OBLIGATIONS OF USERS OF “PRESCREENED” LISTS

The FCRA permits creditors and insurers to obtain limited consumer report information for use in connection with unsolicited offers of credit or insurance under certain circumstances. Section 603(1), 604(c), 604(e), and 6159(d). This practice is known as “prescreening” and typically involves obtaining from a CRA a list of consumers who meet certain pre-established criteria. If any person intends to use prescreened lists, that person must (1) before the offer is made, establish the criteria that will be relied upon to make the offer and to grant credit or insurance, and (2) maintain such criteria on file for a three-year period beginning on the date on which the offer is made to each consumer. In addition, any user must provide with each written solicitation a clear and conspicuous statement that:

- Information contained in a consumer’s CRA file was used in connection with the transaction.
- The consumer received the offer because he or she satisfied the criteria for credit worthiness or insurability used to screen for the offer.
- Credit or insurance may not be extended if, after the consumer responds, it is determined that the consumer does not meet the criteria used for screening or any applicable criteria bearing on credit worthiness or insurability, or the consumer does not furnish required collateral.
- The consumer may prohibit the use of information in his or her file in connection with future prescreened offers of credit or insurance by contacting the notification system established by the CRA that provided the report. The statement must include the address and toll-free telephone number of the appropriate notification system.

In addition, the CFPB has established the format, type size, and manner of the disclosure required by Section 615(d), with which users must comply. The relevant regulation is 12 CFR 1022.54.

VIII. OBLIGATIONS OF RESELLERS

A. Disclosure and Certification Requirements

Section 607(e) requires any person who obtains a consumer report for resale to take the following steps:

- Disclose the identity of the end-user to the source CRA.
- Identify to the source CRA each permissible purpose for which the report will be furnished to the end-user.
- Establish and follow reasonable procedures to ensure that reports are resold only for permissible purposes, including procedures to obtain:
 - (1) the identity of all end-users;
 - (2) certifications from all users of each purpose for which reports will be used; and
 - (3) certification that reports will not be used for any purpose other than the purpose(s) specified to the reseller. Resellers must make reasonable efforts to verify this information before selling the report.

B. Reinvestigations by Resellers

Under Section 611(f), if a consumer disputes the accuracy or completeness of information in a report prepared by a reseller, the reseller must determine whether this is a result of an action or omission on its part and, if so, correct, or delete the information. If no, the reseller must send the dispute to the source CRA for reinvestigation. When any CRA notifies the reseller of the results of an investigation, the reseller must immediately convey the information to the consumer.

C. Fraud Alerts and Resellers

Section A(f) requires resellers who receive fraud alerts or active duty alerts from another consumer reporting agency to include these in their reports.

IX. LIABILITY FOR VIOLATIONS OF THE FCRA

Failure to comply with the FCRA can result in state government or federal government enforcement actions, as well as private lawsuits, Sections 616, 617, and 621. In addition, any person who knowingly and willfully obtains a consumer report under false pretenses may face criminal prosecution. Section 619.

The CFPB's website, www.consumerfinance.gov/learnmore, has more information about the FCRA, including publications for businesses and the full text of the FCRA.

Citations for FCRA sections in the U.S. Code, 15 U.S.C. § 1681 et seq.:

Section 602	15 U.S.C. 1681	Section 615	15 U.S.C. 1681m
Section 603	15 U.S.C. 1681a	Section 616	15 U.S.C. 1681n
Section 604	15 U.S.C. 1681b	Section 617	15 U.S.C. 1681
Section 605	15 U.S.C. 1681c	Section 618	15 U.S.C. 1681p
Section 605A	15 U.S.C. 1681cA	Section 619	15 U.S.C. 1681q
Section 605B	15 U.S.C. 1681cB	Section 620	15 U.S.C. 1681r
Section 606	15 U.S.C. 1681d	Section 621	15 U.S.C. 1681s
Section 607	15 U.S.C. 1681e	Section 622	15 U.S.C. 1681s-1
Section 608	15 U.S.C. 168f	Section 623	15 U.S.C. 1681s-2
Section 609	15 U.S.C. 1681g	Section 624	15 U.S.C. 1681t
Section 610	15 U.S.C. 1681h	Section 625	15 U.S.C. 1681u
Section 611	15 U.S.C. 1681i	Section 626	15 U.S.C. 1681v
Section 612	15 U.S.C. 1681j	Section 627	15 U.S.C. 1681w
Section 613	15 U.S.C. 1681k	Section 628	15 U.S.C. 1681x
Section 614	15 U.S.C. 1681l	Section 629	15 U.S.C. 1681y

All furnishers of information to consumer reporting agencies must comply with all applicable regulations. Information about applicable regulations currently in effect can be found at the Consumer Financial Protection Bureau's website, www.consumerfinance.gov/learnmore.

NOTICE TO FURNISHERS OF INFORMATION: OBLIGATIONS OF FURNISHERS UNDER THE FCRA

The federal Fair Credit Reporting Act (FCRA), 15 U.S.C 1681-1681y, imposes responsibilities on all persons who furnish information to consumer reporting agencies (CRAs). These responsibilities are found in Section 623 of the FCRA, 15 U.S.C 1681s02. State law may impose additional requirements on furnishers. All furnishers of information to CRAs should become familiar with the applicable laws and may want to consult with their counsel to ensure that they are in compliance. The text of the FCRA is available at the website of the Consumer Financial Protection Bureau (CFPB): www.consumerfinance.gov/learnmore. A list of the sections of the FCRA cross-referenced to the U.S. Code is at the end of this document.

Section 623 imposes the following duties upon furnishers:

Accuracy Guidelines

The FCRA requires furnishers to comply with federal guidelines and regulations dealing with the accuracy of information provided to CRAs by furnishers. Federal regulations and guidelines are available at www.consumerfinance.gov/learnmore. Section 623(e).

General Prohibition on Reporting Inaccurate Information

The FCRA prohibits information furnishers from providing information to a CRA that they know or have reasonable cause to believe is inaccurate. However, the furnisher is not subject to this general prohibition if it clearly and conspicuously specifies an address to which consumers may write to notify the furnisher that certain information is inaccurate. Sections 623(a)(1)(A) and (a)(1)(C).

Duty to Correct and Update Information

If at any time a person who regularly and in the ordinary course of business furnishes information to one or more CRAs determines that the information provided is not complete or accurate, the furnisher must promptly provide complete and accurate information to the CRA. In addition, the furnisher must notify all CRAs that received the information of any corrections, and must thereafter report only the complete and accurate information. Section 623(a)(2).

Duties After Notice of Dispute from Consumer

If a consumer notifies a furnisher, at an address specified for the furnisher for such notices, that specific information is inaccurate, and the information is, in fact, inaccurate, the furnisher must thereafter report the correct information to the CRAs. Section 623(a)(1)(B).

If a consumer notifies a furnisher that the consumer disputes the completeness or accuracy of any information reported by the furnisher, the furnisher may not subsequently report that information to a CRA without providing notice of the dispute. Section 623(a)(3).

Furnishers must comply with federal regulations that identify when an information furnisher must investigate a dispute made directly to the furnisher by a consumer. Under these regulations, furnishers, must complete an investigation within 30 days (or 45 days, if the consumer later provides relevant

additional information) unless the dispute is frivolous or irrelevant or comes from a “credit repair organization.” Section 623(a)(8). Federal regulations are available at www.consumerfinance.gov/learnmore. Section 623(a)(8).

Duties After Notice of Dispute from Consumer Reporting Agency

If a CRA notifies a furnisher that a consumer disputes the completeness or accuracy of information provided by the furnisher, the furnisher has a duty to follow certain procedures. The furnisher must:

- Conduct an investigation and review all relevant information provided by the CRA, including information given to the CRA by the consumer. Sections 623(b)(1)(A) and (b)(1)(B).
- Report the results to the CRA that referred the dispute, and, if the investigation establishes that the information was, in fact, incomplete or inaccurate, report the results to all CRAs to which the furnisher provided the information that compile and maintain files on a nationwide basis. Section 623(b)(1)(C) and (b)(1)(D).
- Complete the above steps within 30 days from the date the CRA receives the dispute (or 45 days, if the consumer later provided relevant additional information to the CRA). Section 623(b)(2).
- Promptly modify or delete the information, or block its reporting. Section 623(b)(1)(E).

Duty to Report Voluntary Closing of Credit Accounts

If a consumer voluntarily closes a credit account, any person who regularly and in the ordinary course of business furnished information to one or more CRAs must report this fact when it provides information to CRAs for the time period in which the account closed. Section 623(a)(4).

Duty to Report Dates of Delinquencies

If a furnisher reports information concerning a delinquent account placed for collection, charged to profit or loss, or subject to any similar action, the furnisher must, within 90 days after reporting the information, provide the CRA with the month and the year of the commencement of the delinquency that immediately preceded the action, so that the agency will know how long to keep the information in the consumer’s file. Section 623(a)(5).

Any person, such as a debt collector, that has acquired or is responsible for collecting delinquent accounts and that reports information to CRAs may comply with the requirements of Section 623(a)(5) (until there is a consumer dispute) by reporting the same delinquency date previously reported by the creditor. If the creditor did not report this date, they may comply with the FCRA by establishing reasonable procedures to obtain and report delinquency dates, or, if a delinquency date cannot be reasonably obtained, by following reasonable procedures to ensure that the date reported precedes the date when the account was placed for collection, charged to profit or loss, or subjected to any similar action. Section 623(a)(5).

Duties of Financial Institutions When Reporting Negative Information

Financial institutions that furnish information to “nationwide” consumer reporting agencies, as defined in Section 603(p), must notify consumers in writing if they may furnish or have furnished negative information to a CRA. Section 623(a)(7). The CFPB has prescribed model disclosures, 12 CFR Part 1022, App. B.

Duties When Furnishing Medical Information

A furnisher whose primary business is providing medical services, products, or devices (and such furnisher’s agents or assignees) is a medical information furnisher for the purposes of the FCRA and must notify all CRAs to which it reports of this fact. Section 623(a)(9). This notice will enable CRAs to comply with their duties under Section 604(g) when reporting medical information.

Duties When ID Theft Occurs

All furnishers must have in place reasonable procedures to respond to notifications from CRAs that information furnished is the result of identity theft, and to prevent refurnishing the information in the future. A furnisher may not furnish information that a consumer has identified as resulting from identity theft unless the furnisher subsequently knows or is informed by the consumer that the information is correct. Section 623(a)(6). If a furnisher learns that it has furnished inaccurate information due to identity theft, it must notify each CRA of the correct information and must thereafter report only complete and accurate information. Section 623(a)(2). When any furnisher of information is notified pursuant to the procedures set forth in Section 605B that a debt has resulted from identity theft, the furnisher may not sell, transfer, or place for collection the debt except in certain limited circumstances. Section 615(f).

The CFPB's website, www.consumerfinance.gov/learnmore, has more information about the FCRA, including publications for business and the full text of the FCRA

Citations for FCRA sections in the U.S. Code, 15 U.S.C. § 1681 et seq.:

Section 602	15 U.S.C. 1681	Section 615	15 U.S.C. 1681m
Section 603	15 U.S.C. 1681a	Section 616	15 U.S.C. 1681n
Section 604	15 U.S.C. 1681b	Section 617	15 U.S.C. 1681o
Section 605	15 U.S.C. 1681c	Section 618	15 U.S.C. 1681p
Section 605A	15 U.S.C. 1681cA	Section 619	15 U.S.C. 1681q
Section 605B	15 U.S.C. 1681cB	Section 620	15 U.S.C. 1681r
Section 606	15 U.S.C. 1681d	Section 621	15 U.S.C. 1681s
Section 607	15 U.S.C. 1681e	Section 622	15 U.S.C. 1681s-1
Section 608	15 U.S.C. 1681f	Section 623	15 U.S.C. 1681s-2
Section 609	15 U.S.C. 1681g	Section 624	15 U.S.C. 1681t
Section 610	15 U.S.C. 1681h	Section 625	15 U.S.C. 1681u
Section 611	15 U.S.C. 1681i	Section 626	15 U.S.C. 1681v
Section 612	15 U.S.C. 1681j	Section 627	15 U.S.C. 1681w
Section 613	15 U.S.C. 1681k	Section 628	15 U.S.C. 1681x
Section 614	15 U.S.C. 1681l	Section 629	15 U.S.C. 1681y

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FEDERAL TRADE COMMISSION

PROTECTING AMERICA'S CONSUMERS

Consumer Reports: What Information Furnishers Need to Know

TAGS: [Privacy and Security](#) | [Credit Reporting](#) | [Data Security](#)

If you report information about consumers to consumer reporting agencies (CRAs) — like a credit bureau, tenant screening company, or check verification service — you have legal obligations under the Fair Credit Reporting Act's Furnisher Rule.

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INTRODUCTION

The [Fair Credit Reporting Act](#) (FCRA) is designed to protect the privacy of consumer report information — sometimes informally called "credit reports" — and to guarantee that information supplied by consumer reporting agencies (CRAs)

is as accurate as possible.

If you report information about consumers to a CRA — like a credit bureau, tenant screening company, check verification service, or a medical information service — you have legal obligations under the FCRA's Furnisher Rule. Your responsibilities include:

- furnishing information that is accurate and complete, and
- investigating consumer disputes about the accuracy of information you provide.

The Federal Trade Commission, the Consumer Financial Protection Bureau, and the federal banking agencies have each published a Furnisher Rule. The rules are identical in substance. The [FTC's Rule](#) is summarized here. If you are not subject to the FTC's jurisdiction, contact your regulator about your obligations.

ACCURACY

When you provide information to a CRA, you have obligations under the [FCRA](#) to ensure the accuracy of the information you furnish. As a rule, it's illegal to report information that you know or believe is inaccurate. You have "reasonable cause to believe" that information is inaccurate if you have knowledge, other than allegations from the consumer, that would lead a reasonable person to doubt the accuracy of the information. [FCRA Section 623\(a\)\(1\)\(A\)](#) You may be exempt from this requirement if you give an address for consumers to report inaccurate information, but you cannot, under any circumstances, report information the consumer has told you is inaccurate if it is, in fact, inaccurate. [FCRA Section 623\(a\)\(1\)\(C\)](#)

Guidelines for Policies and Procedures

You must establish and implement written policies and procedures regarding the accuracy and integrity of information you furnish to a CRA. Guidelines are in [Appendix A to Furnisher Rule Part 660](#). Read the Appendix; the information here is just a sample.

Your policies and procedures:

- must be appropriate to the nature, size, complexity, and scope of your activities;
- must be reviewed periodically and updated, as necessary;
- should ensure that information provided to a CRA is for the right person, and reflects the terms of the account and the consumer's performance on the account;
- require maintenance of records for a reasonable amount of time;
- establish internal controls for the accuracy and integrity of information, such as through random sampling;
- [prevent re-aging](#) (inaccurately changing the date of first delinquency on a consumer's account to a later date) and duplicative reporting, particularly following portfolio acquisitions or sales, mergers, and other transfers; and
- require updating of furnished information where necessary.

Information should:

- be substantiated by your records when it is furnished;

- include consumer identifiers, like name(s), date of birth, Social Security number, telephone number(s), or address(es); and
- be furnished in a standardized form and specify the time period it pertains to.

Correct and Update Information

If you furnish information to a CRA on a regular basis and determine that any information you provided is inaccurate or incomplete, you must promptly notify the CRA and provide corrections or additions. Going forward, you must furnish only the correct information to the CRA. [FCRA 623\(a\)\(2\)\(B\)](#)

Furnishing Specific Items

The FCRA requires that if you furnish any information to a CRA, you must include any of the following items that are applicable to you.

Credit Limits — Usually, you must include a consumer's credit limit among the information you furnish to a CRA. [Appendix A\(I\)](#)

Disputed Information — Once a consumer disputes information, you may not report that information to a CRA without telling the CRA that the information is in dispute. [FCRA 623\(a\)\(3\)](#)

Closed Accounts — If you furnish information to a CRA on a regular basis, you must notify the CRA that a consumer has voluntarily closed an account the next time you send information that would normally include that account. This is important because some users of information may interpret a closed account as an indicator of bad credit unless you clearly disclose that the consumer, not the creditor, closed the account. [FCRA 623\(a\)\(4\)](#)

Delinquent Accounts — When you refer an account for collection and notify a CRA that you have done so, you also must report the date of delinquency to the CRA within 90 days. The date of delinquency is the month and year the consumer's delinquency resulting in the referral began, see the examples below. [FCRA 623\(a\)\(5\)\(A\)](#)

If you are a debt collector furnishing information to a CRA about the accounts of a creditor, you must report the date of delinquency given to you by the creditor. [FCRA 623\(a\)\(5\)\(A\)](#) This "date of delinquency" determines how long the debt can be reported on a consumer's credit report. Generally, a CRA may report a delinquent debt for seven years from the date of delinquency. If the debt was discharged in bankruptcy, however, a CRA may report it for 10 years.

If the creditor didn't report the date of delinquency, you have two options:

1. You may establish and follow reasonable procedures to determine the date from the original creditor or another reliable source, or
2. If you can't determine the date, you may establish and follow reasonable procedures to ensure that the reported date of delinquency is a date **before** the account was referred to collection or charged off. [FCRA 623\(a\)\(5\)\(B\)](#)

These examples illustrate how to calculate the date of delinquency:

John Smith's account becomes delinquent in March 2012. The creditor places the account for collection on October 1, 2012. In this case, the date of delinquency is March 2012. The date that the creditor places the account for collection is not the basis for calculating the delinquency date. The collection date is calculated based on the consumer's delinquency, not the creditor's later actions.

Mary Myers' credit card account becomes delinquent in April 2011. Mary makes partial payments for the next five months, but never brings the account current. The creditor places the account for collection in January 2012. Because the account was never brought current during the period partial payments were made, the delinquency that immediately preceded the collection began in April 2011, when Mary first became delinquent. The correct delinquency date is April 2011.

Alan Clark's account becomes delinquent in December 2010. The account is placed for collection with Collector A on April 1, 2011. Collection is not successful. The creditor places the account with Collector B in February 2012. The date of the delinquency for reporting purposes is December 2010. Repeatedly placing an account for collection or using different collectors does not change the delinquency date.

Lisa Long's account becomes delinquent in November 2012. The creditor has never reported the date of the delinquent account to the CRAs, but has records indicating the date of delinquency as November 2012. A debt collector acquires the debt and attempts collection. If the debt collector establishes and follows reasonable procedures to learn the date of delinquency from the creditor — and finds that November 2012 is the delinquency date — the debt collector may report that date to the CRAs as the delinquency date. [FCRA 623\(a\)\(5\)\(B\)\(ii\)](#)

Craig Coleman's account becomes delinquent, but the creditor never reports the delinquency date to a CRA. In addition, the delinquency date can't be reasonably obtained from the creditor or another reliable source. The account is placed for collection in November 2012. If the debt collector establishes and follows reasonable procedures to ensure that the delinquency date reported precedes the date the account is placed for collection, charged to profit or loss, or subjected to any similar action by the original creditor, the debt collector may report that alternate delinquency date to a CRA. In this case, the alternate delinquency date must be before November 2012. This method should be used only when the original date of delinquency can't be determined from the creditor or another source. [FCRA 623\(a\)\(5\)\(B\)\(iii\)](#)

Negative Information from Financial Institutions — If you are a financial institution (as defined in the [Gramm-Leach-Bliley Act](#)) that extends credit and regularly reports negative information@ about your customers to a nationwide CRA (for example, Equifax, Experian, or TransUnion), you must notify your customers that you report such negative information. Examples of negative information include a customer's delinquencies, late payments, insolvency, or any form of default. [FCRA 623\(a\)\(7\)\(G\)\(i\)](#)

You must provide the notice either before you furnish the negative information or within 30 days of furnishing it. You may include the notice with a notice of default, a billing statement, or another item sent to the consumer, but you **cannot** send it with a Truth In Lending Act notification. The notices must be clear and conspicuous.

The Consumer Financial Protection Bureau has [model disclosures](#) at 12 CFR Part 1022, Appendix B, FCRA 623(a)(7).

Medical Information — If your primary business is providing medical services, products, or devices, and you, your agent, or your assignee reports information about consumers to CRAs, you must notify each CRA that you are a medical provider. [FCRA 623\(a\)\(9\)](#) This notice helps the CRAs comply with their FCRA duties with regard to the reporting of medical information. [FCRA 604\(g\)](#) For example, if the name, address, and telephone number of a medical information furnisher appears on a consumer report, the information must be encoded so it doesn't identify the specific

provider or the nature of the services, products, or devices. [FCRA 605\(a\)\(6\)\(A\)](#)

The federal banking agencies have issued [rules](#) to implement these requirements.

DISPUTES

Consumers may dispute information that you furnished in two ways:

1. They may submit a dispute to the CRA.
2. They may submit a dispute directly to you.

Disputes to CRAs

If a CRA notifies you that a consumer disputes information you provided, you must:

- investigate the dispute and review all relevant information provided by the CRA about the dispute;
- report your findings to the CRA;
- provide corrected information to every CRA that received the information if your investigation shows the information is incomplete or inaccurate; and
- modify the information, delete it, or permanently block its reporting if the information turns out to be inaccurate or incomplete or can't be verified. [FCRA 623\(b\)\(1\)](#)

You must complete these steps within the same time allowed under the FCRA for the CRA to resolve the dispute. Normally, this is 30 days after the CRA gets the dispute from the consumer. If the consumer provides additional relevant information during the 30-day period, the CRA has 15 more days to resolve the dispute. The CRA must give you all the relevant information it gets within five business days of receipt, and must promptly give you additional relevant information provided by the consumer. If you don't investigate and respond to the notification of the dispute within the specified times, the CRA must delete the disputed information from its files. [FCRA 623\(b\)\(2\)](#) and [611\(a\)\(1\)](#)

Disputes to Furnishers

You must investigate a consumer's dispute if it relates to:

- the consumer's liability for a credit account or other debt with you. For example, disputes relating to whether there is or has been identity theft or fraud against the consumer, whether there is individual or joint liability on an account, or whether the consumer is an authorized user of a credit account;
- the terms of a credit account or other debt with you. For example, disputes relating to the type of account, principal balance, scheduled payment amount on an account, or the amount of the credit limit on an open-end account;
- the consumer's performance or other conduct concerning an account or other relationship with you. For example, disputes relating to the current payment status, high balance, date a payment was made, amount of a payment made, or date an account was opened or closed; or
- any other information in a consumer report about an account or relationship with you that affects the consumer's creditworthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or lifestyle. [Furnisher Rule 660.4\(a\)](#)

You must:

- conduct a reasonable investigation

- review all relevant information provided by the consumer
- report results to the consumer, generally within 30 days
- notify each CRA to which you provided inaccurate information if the investigation finds the information was inaccurate. [Furnisher Rule 660.4\(e\)](#)

You are **not** required to investigate the dispute if it relates to:

- the consumer's identifying information on a consumer report, including name, date of birth, Social Security number, phone number, or address;
- the names of previous or current employers;
- inquiries or requests for consumer reports;
- information from public records, including judgments, bankruptcies, and liens; information related to fraud alerts or active duty alerts;
- information provided to a CRA by another furnisher; or when you believe that the dispute is submitted by, prepared on behalf of the consumer by, or submitted on a form supplied to the consumer by a credit repair organization. [Furnisher Rule 660.4\(b\)](#)

You also are **not** required to investigate disputes that are frivolous or irrelevant, as defined by the Rule:

- the consumer didn't provide enough information
- the dispute is substantially the same as a dispute previously submitted
- you already fulfilled your obligation, and there is no new information
- you are not required to investigate the dispute, as described in the list above from 660.4(b). [Furnisher Rule 660.4\(f\)](#)

If a dispute is found to be frivolous or irrelevant, you must notify the consumer within five business days of receiving the dispute. This notice can be a form letter. Include the reason for the determination and, if relevant, any information the consumer needs to submit so you can investigate the disputed information.

ADDITIONAL RESPONSIBILITIES

Victims of Identity Theft

When you are notified by a CRA that a consumer's identity has been stolen, you have specific duties under the FCRA. [FCRA 605B](#)

- If a CRA notifies you that information you furnished is being blocked on a consumer's credit report because of identity theft, you must have procedures to prevent the re-reporting of the information. [FCRA 623\(a\)\(6\)\(A\)](#)
- If a CRA notifies you that a debt has resulted from identity theft, you may not sell, transfer, or place that debt for collection. [FCRA 615\(f\)\(1\)](#)
- If a consumer notifies you that he is a victim of identity theft, and gives you an [identity theft report](#), you may not furnish information to a CRA regarding the fraudulent account or debt. [FCRA 623\(a\)\(6\)\(B\)](#)
- If you find that you furnished inaccurate information due to identity theft, you must promptly notify each CRA of

the correct information. Going forward, you must report only complete and accurate information. [FCRA 623\(a\)\(2\)](#)

- If you provide credit, goods, or services to consumers, you may be required to supply application or other transaction records to an identity theft victim or law enforcement officer, if they ask. [FCRA 605B\(f\) 615\(g\)](#)
- If you establish or extend credit plans or accounts, you may be required to follow certain steps to verify a consumer's identity when you see a fraud or active duty alert on his credit report. [FCRA 605A\(h\)\(B\)\(ii\)](#)

Disposing of Consumer Report Information

When you are finished using a consumer report, you must securely dispose of the report and any information you gathered from it. That can include burning, pulverizing, or shredding paper documents, and disposing of electronic information so that it can't be read or reconstructed. For more information, see [Disposing of Consumer Report Information? Rule Tells How](#).

Address Discrepancies

If you are a user of consumer reports and a CRA notifies you that the consumer address you provided is substantially different from the address it has, you must have policies and procedures to investigate and furnish the consumer's correct address to the CRA. For more information, see [Duties of Users Regarding Address Discrepancies](#).

NON-COMPLIANCE

If you don't comply with the FCRA, you may be sued by the FTC, Consumer Financial Protection Bureau (CFPB), state governments, or in some cases, consumers. The FCRA provides for maximum penalties of \$3,817 per violation in the case of lawsuits brought by the FTC. [FCRA 616, 617, 621](#)

Your Opportunity to Comment

The National Small Business Ombudsman and 10 Regional Fairness Boards collect comments from small businesses about federal compliance and enforcement activities. Each year, the Ombudsman evaluates the conduct of these activities and rates each agency's responsiveness to small businesses. Small businesses can comment to the Ombudsman without fear of reprisal. To comment, call toll-free 1-888-REGFAIR (1-888-734-3247) or go to www.sba.gov/ombudsman.

The FTC works for the consumer to prevent fraudulent, deceptive, and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a [complaint](#) or to get [free information on consumer issues](#), visit consumer.ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters consumer complaints into the [Consumer Sentinel Network](#), a secure online database and investigative tool used by hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

[Note: Edited March 2017 to reflect [Inflation-Adjusted Civil Penalty Maximums](#).]

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