



Fact Sheet

Compliance Policy
Division

The Fair Credit Reporting Act

Purpose

The Fair Credit Reporting Act (FCRA) places responsibilities on consumer reporting agencies and users of consumer reports, such as financial institutions, employers, and others. The FCRA requires financial institutions and consumer reporting agencies to make various consumer disclosures and to address identity theft. The FCRA improves consumer access to its consumer report information to help ensure the accuracy of the data contained in the consumer reporting system.

Consumer Benefits

Loan applicants denied credit because of adverse information in a credit report receive from the lender a notification of the name, address, and telephone number of the credit reporting agency that supplied the credit report. The applicant can obtain a free credit report to review the data to ensure it is accurate.

Creditors must notify an applicant that if the bank encounters negative credit experience with the applicant it may report that negative information to a credit reporting agency. Creditors may provide the notice upfront at the time of application or at the time they report negative information to a credit reporting agency.

Consumers and active duty military personnel are permitted to notify consumer reporting agencies and file a fraud alert when they believe they are at risk of identity theft or are a victim of identity theft. The consumer can also obtain a free credit report from the three national credit reporting agencies when they file the fraud alert. Fraud alerts serve as a notice to future creditors that there is a higher risk of identity theft and requires the creditor to verify a consumer's identity before extending credit. Generally, the bank fulfills this requirement by calling the number supplied by the individual who placed the fraud alert.

All consumers can obtain a free credit report annually from each of the three national credit reporting agencies (Equifax, TransUnion, and Experian) by calling one number: (877) 322-8228.

Consumers can access their records at the credit bureau and the financial institution.

Where to Get Additional Information

Consumers can access useful and educational materials on their rights under the Fair Credit Reporting Act at:

Federal Trade Commission - <http://www.ftc.gov/os/statutes/fcrajump.htm>

Identity Theft - <http://www.ftc.gov/bcp/edu/microsites/idtheft/>

Identity Theft – File A Complaint - http://www.consumer.gov/idtheft/con_steps.htm