

## **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. State law may impose additional requirements. 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 set forth in full at the Federal Trade Commission's Internet web site at [www.ftc/credit](http://www.ftc/credit).

Section 623 imposes the following duties upon furnishers:

### **Accuracy Guidelines**

The banking and credit union regulators and the Federal Trade Commission (FTC) will promulgate guidelines and regulations dealing with the accuracy of information provided to CRAs by furnishers. The regulations and guidelines issued by the FTC will be available at [www.ftc.gov/credit](http://www.ftc.gov/credit) when they are issued. 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 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**

The federal banking and credit union regulators and the FTC will issue regulations that will identify when an information furnisher must investigate a dispute made directly to the furnisher by a consumer. Once these regulations are issued, furnishers must comply with them and 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. The FTC regulations will be available at [www.ftc.gov/credit](http://www.ftc.gov/credit). Section 623(a)(8).

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).

### **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).
- Promptly modify or delete the information, or block its transmission in the future. Sections 623(b)(1)(E).
- Complete the above steps within 30 days from the date the CRA receives the dispute (or 45 days, if the consumer later provides relevant additional information to the CRA). Section 623(b)(2).

### **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 furnishes information to one or more CRAs must report this fact when it provides information to CRAs for the time period in which the account was 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).

Debt collectors that report information to CRAs comply with the requirements of Section 623(a)(5) (until there is a consumer dispute) if they report the same delinquency date previously reported by the creditor. If they do not have this, they comply with the FCRA if they establish reasonable procedures to obtain and report delinquency dates, or, if the delinquency dates cannot be reasonably obtained, they follow reasonable procedures to ensure that the dates reported precede the date 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**

Furnishers who are financial institutions must notify consumers in writing if they furnish negative information to a CRA. Section 623(a)(7). The Federal Reserve Board has prescribed a model disclosure, 12 CFR Part 222, App. B.

### **Duties When Furnishing Medical Information**

A furnisher whose primary business is providing medical services, products, or devices (and the furnisher's agents or assignees) is a medical information furnisher for the purposes of the FCRA and must notify all CRAs that it reports to of this fact. Section 623(a)(9). This 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. Furnishers must also establish procedures so that information reported directly to the furnisher by consumers about accounts that are linked to identity theft will not be furnished to any CRA unless the furnisher subsequently knows or is informed by the consumer that the information is correct. Section 623(a)(6). 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. Section 615(f).