

**Report to Congress
Under Section 319 of the
Fair and Accurate Credit Transactions Act
of 2003**

December 2008

Federal Trade Commission

William E. Kovacic, Chairman
Pamela Jones Harbour, Commissioner
Jon Leibowitz, Commissioner
J. Thomas Rosch, Commissioner

Third Interim Report to Congress Under Section 319 of the FACT Act

Executive Summary

The Federal Trade Commission (“FTC” or “Commission”) submits this report pursuant to Section 319 of the Fair and Accurate Credit Transactions Act of 2003, Pub. L. 108-159, 117 Stat. 1952 (“FACT Act”). The FACT Act, which was enacted on December 4, 2003, amends the Fair Credit Reporting Act, 15 U.S.C. § 1681 *et seq.* (“FCRA”), and contains a number of provisions that are designed to enhance the accuracy and completeness of credit reports. Specifically, Section 319 of the FACT Act requires the Commission to conduct:

an ongoing study of the accuracy and completeness of information contained in consumer reports prepared or maintained by consumer reporting agencies and methods for improving the accuracy and completeness of such information.

The study takes place over eleven years, with the final report due to Congress in 2014 and five interim reports to be completed every two years from December 2004 onward (until December 2012). In its final report (or earlier, if advisable), the Commission will provide recommendations for legislative and administrative action that it deems appropriate.

Pursuant to this mandate, the Commission submitted its first report to Congress in December 2004 and its second report in December 2006. The present report is the third interim report.¹ In its first report, FTC staff reviewed existing studies of credit report accuracy and proposed a pilot study that would employ an expert-assisted survey approach for studying credit reports. Briefly, the design of the study was that consumers would review their credit reports with an expert who would help identify potential errors, and the consumers would then be encouraged to dispute potential errors that the expert believed could have a material effect on their credit standing. The study would further track the outcome of disputes filed with credit reporting agencies in keeping with the FRCA dispute resolution process (further explained below). The pilot study was implemented in 2005 – 2006 and the FTC assessed the results of the study in the second interim report. In response to certain challenges uncovered by this study, which are discussed in the December 2006 report and also noted below, FTC staff formulated a second pilot study to further assess whether the stated approach of the initial pilot study could serve as a potential methodology for a national survey.

The results of the second pilot study are now available.² This second study has been designed similarly to the first but with two main modifications: (i) better procedures to help

¹ The two prior reports to Congress are: Federal Trade Commission, *Report to Congress Under Sections 318 and 319 of the Fair and Accurate Credit Transactions Act of 2003*, December 2004; and Federal Trade Commission, *Report to Congress Under Section 319 of the Fair and Accurate Credit Transactions Act of 2003*, December 2006. The reports may be accessed at the FTC’s Web site: December 2004 Report: <http://www.ftc.gov/reports/facta/041209factarpt.pdf> ; December 2006 Report: <http://www.ftc.gov/reports/FACTACT/FACT Act Report 2006.pdf>.

² The contractor’s report is included as Appendix III to this report. This attachment presents the work product, findings, and opinions of the contractor, which are not necessarily findings or opinions of the FTC.

Third Interim Report to Congress Under Section 319 of the FACT Act

consumers who say they want to dispute certain credit report information to follow through with the FCRA dispute process; and (ii) alternative methods for recruiting participants to help ensure that the study sample represents consumers with a wide range of credit scores. Helping consumers file disputes when warranted proved very successful. The alternative recruitment methods were also beneficial to the study but we still observe certain problems. Relatively few of the potential respondents agreed to participate; further, with respect to national norms, there was an insufficient sample of respondents with below-average credit scores – a challenge that was also uncovered in the first study. This pilot study, like the first, did not rely on a nationally representative sample of credit reports, and no statistical conclusions are drawn. The pilot studies are employed only to uncover and explore methodological problems and thereby help improve the design of a national survey. Additional methods and resources will likely be required to improve the response rate in a national survey and to investigate whether a non-response bias would pose a significant limitation to a nationwide study.

Through a series of recruitment channels (described below), the contractor invited 4,232 people to participate in the second pilot study, and 128 people (3.0%) became participants.³ Eighty-eight of the 128 participants (69%) found no errors and 40 alleged one or more errors that they wanted to dispute, whether material or not.⁴ Fifteen of these 40 cases involved the allegation of one or more material errors; 3 cases were not fully completed. In total, the outcome of the FCRA dispute process regarding material disputes is known for 12 participants. For these 12, there were 7 cases having credit report changes made fully in keeping with the consumer's allegation(s), 3 cases having some changes (though not all) made in keeping with the allegation(s), and 2 cases for which none of the alleged errors led to any changes in the consumer's credit reports. Overall, 7 out of 128 participants (5.5%) had credit reports with confirmed material errors via the dispute process.

The data from the second pilot study illustrate the type of information that may be garnered from the methodology of the study, while a much larger and more representative sample would be required to estimate the percentage of consumers nationwide who would similarly dispute credit report information. Again, the pilot studies serve only as a vehicle to improve the design of a national survey. For a next step, FTC staff plans to develop and submit for OMB approval a specific proposal for conducting a nationwide survey of credit report accuracy. As noted in the

³A *participant* (also called a study *case*) is a person who completed an in-depth review of their 3 credit reports with the contractor.

⁴ In conducting the credit report review, the contractor explained the difference between a small error and one that could affect the consumer's credit standing. For example, an incorrect listing of a prior employer would not affect the consumer's credit score; still, it might be deemed important by a person who is presently looking for new employment. If a participant decided to dispute information believed to be erroneous and to have an adverse impact on the consumer (whether material or not to creditworthiness), the contractor prepared a dispute letter and helped the consumer file a dispute. (As further discussed below, the methodology employed primarily addresses alleged errors that *adversely* affect the consumer.)

Third Interim Report to Congress Under Section 319 of the FACT Act

December 2006 Report (at 2), the ultimate goal is to perform a study that is based on a nationally representative sample of credit reports, uses a reliable method for identifying errors, and categorizes errors by type and seriousness in terms of potential consumer harm.

The Methodology of the Second Pilot Study

The FTC employed the same contractor for both pilot studies – a research team that includes members from the Center for Business and Industrial Studies (University of Missouri-St. Louis), George Washington University Business School, and the Fair Isaac Corporation. The contractor solicited participation from adults to whom credit had been extended in the form of credit cards, automobile loans, home mortgages, or other forms of installment credit. As in the first study, participants obtained copies of their three credit reports and credit scores by using the Web site *myFICO.com*, including one report and score from each of the three nationwide consumer reporting agencies: Equifax, Experian, and TransUnion (“CRAs”). The contractor reviewed these credit reports with the participants to identify alleged inaccuracies and gave advice on the difference between a small inaccuracy and a potentially significant error that could affect credit scores. The research team evaluated alleged errors for materiality and they further encouraged consumers who alleged material errors to file a formal FCRA dispute so as to obtain a review of the items by data furnishers and CRAs.⁵ The research team did not encourage consumers to file disputes that were deemed immaterial to creditworthiness. Still, if the consumer wanted to dispute certain information (material or not), the contractor prepared a dispute letter, which was then signed by the consumer and filed in keeping with the FCRA (which permits consumers to dispute any credit report information they believe to be inaccurate).

The pilot studies use the FCRA dispute process and its related outcomes⁶ to categorize

⁵ In consultation with Fair Isaac’s analyst on the research team, the contractor used the following criteria for materiality: a credit score less than 760 (a cutoff widely used to identify consumers with lowest credit risk and for extending credit on most favorable terms) AND an alleged error regarding any of the following matters: (i) negative items (such as late payments); (ii) public derogatories (such as bankruptcy); (iii) accounts sent to collection; (iv) number of inquiries for new credit; (v) outstanding balances not attributable to normal monthly reporting variation; (vi) accounts on the report not belonging to the person who is the subject of the report; or (vii) duplicate entries of the same information (e.g., late payments or outstanding obligations) that were double-counted in the reported summaries of such items. To enhance the efficiency of the study process, the stated criteria modify somewhat the procedure used in the first pilot study (contractor’s report at 27).

⁶ By direct instruction of the data furnisher, the following outcomes may occur: delete the disputed item; change or modify the item (specifying the change); or maintain the item as originally reported. Also, a CRA may delete a disputed item due to the expiration of a statutory time frame (the Act limits the process to 30 days, but the time may be extended to 45 days if the consumer submits relevant information during the 30-day period). All of these actions track certain categories of response on a form called “Online Solution for Complete and Accurate

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Third Interim Report to Congress Under Section 319 of the FACT Act

certain outcomes as confirmed errors (as well as other possible outcomes). We recognize, however, that the dispute process may not always provide a definitive answer as to whether the consumer's information is accurate. For example, there are cases in which the consumer maintains one thing and the lender another. The methodology of the pilot studies cannot render a conclusion about such instances and leaves them unresolved. As a different example, a consumer may allege that a specific payment which was recorded as late on a credit report was not truly late, and the lender/creditor further agrees to change the information (i.e., this payment is no longer recorded as late). In this case, although one cannot say with full certainty that the original credit report was erroneous about this item, we do not know of a general cost-feasible method to assess the matter further; the methodology of the pilot studies would thus categorize this outcome as a confirmed error via the dispute process.

FTC staff's statement of the scope of work for the second pilot study strongly encouraged a variety of methods for identifying and recruiting potential participants. In addition to the random selection procedure employed in the initial pilot study (which used telephone directories to obtain addresses for direct mail) the contractor could engage financial institutions to refer consumers to the study.⁷ The contractor used this approach and it led to beneficial results. In this pilot study, however, an under-representation of people with credit scores below 760 may have resulted in an under-representation of alleged material errors. As further explained below, in future studies we will devote special attention to ensuring that individuals with below-average credit scores are adequately represented.

Subject Recruitment

In line with the noted directives, the contractor engaged certain financial institutions and various methods to refer consumers to the study. Agencies that agreed to participate were: Navy Federal Credit Union,⁸ Commerce Bank, and Volunteer Income Tax Preparation Assistance (VITA), which has a service site at the University of Missouri and local libraries in St. Louis. The contractor solicited participation as follows: (1) direct mail to a random sample of approximately 200 people with names obtained from telephone directories and public records

⁶(...continued)

Reporting" (e-OSCAR) that is used by CRAs for resolving FCRA disputes. (See also Federal Trade Commission and Board of Governors of the Federal Reserve System, *Report to Congress on the Fair Credit Reporting Act Dispute Process*, August 2006.)

⁷ December 2006 Report (at 5). The contractor could experiment with various methods provided that no method would violate the permissible purposes for obtaining a consumer's credit report (FCRA §604). In all cases, consumer consent for participation was obtained before credit reports were drawn and reviewed.

⁸ At an earlier time, membership in Navy Federal Credit Union was restricted to members of the military; today, the organization has both civilian and non-civilian membership.

Third Interim Report to Congress Under Section 319 of the FACT Act

throughout diverse regions of the country;⁹ (2) a first mailing from Navy Federal Credit Union to a randomly selected sample of 500 members; (3) a second mailing from Navy Federal Credit Union to 500 members with a greater concentration on individuals expected to have low credit scores than individuals expected to have high credit scores (see below); (4) a third mailing from Navy Federal Credit Union to another 500 randomly selected members; (5) a Commerce Bank mailing to 500 randomly selected customers via an insert with the monthly billing statement that announced an opportunity to participate in the study as an offering from the bank's Marketing Department; (6) a second Commerce Bank mailing to 2,000 randomly selected members via a personalized letter from the Customer Service Department announcing an opportunity to participate in the study; (7) invitations to VITA clients extended through circulars at counseling sites and through direct personal contact; and (8) miscellaneous engagement of associates from participating financial institutions in order to experience the study process before sending the invitation letters. The recruitment yields of these respective channels are summarized by the following table.

Table I. Yields from the Respective Recruitment Channels

Recruitment Channel	Letters Sent	Positive Responses (percent)*	Reports Drawn and Mailed (percent)*	Finished Cases of Credit Report Reviews** (percent)*
(1) Random Direct Mail (includes public records)	203	13 (6.4%)	12 (5.9%)	12 (5.9%)
(2) Random Mailing to Members of Navy Federal	500	25 (5.0%)	25 (5.0%)	24 (4.8%)
(3) Weighted-Random Mailing^ to Members of Navy Federal	500	19 (3.8%)	19 (3.8%)	17 (3.4%)
(4) Further Random Mailing to Members of Navy Federal	500	8 (1.6%)	8 (1.6%)	7 (1.4%)
(5) Random Mailing to Members of Commerce Bank	500	7 (1.4%)	7 (1.4%)	7 (1.4%)

⁹ Direct mail was followed by phone calls to confirm receipt of the letter and a request for the consent form to be signed and mailed back to the contractor. The other channels did not use follow-up phone calls (consent was registered by electronic signature at the study Web site).

Third Interim Report to Congress Under Section 319 of the FACT Act

Recruitment Channel	Letters Sent	Positive Responses (percent)*	Reports Drawn and Mailed (percent)*	Finished Cases of Credit Report Reviews [#] (percent)*
(6) Further Random Mailing to Members of Commerce Bank	2000	48 (2.4%)	48 (2.4%)	39 (2%)
Subtotals	4,203	120 (2.7%)	119 (2.7%)	106 (2.4%)
(7) VITA contacts	(direct contact)	10	10	9
(8) Misc. Contacts ⁺	(direct contact)	19	13	13
Totals	4,232	149 (3.5%)	142 (3.4%)	128 (3.0%)

* Proportion of *letters sent* for indicated channel.

[#] Each case represents one consumer for whom 3 credit reports were reviewed, counted as *finished review* for those who determined whether or not they believed there were errors in their reports.

[^] Mailing directed towards those with (expected) lower than average credit scores.

⁺ Employees of financial partners who went through the study before recommending it to their members.

Alleged Errors and the Filing of Disputes

The methodology of the pilot studies can garner alleged errors of a variety of types, such as: incorrect report of late payment; multiple reports of an account with late payment; paid account reported as delinquent; closed account reported as delinquent; incorrect financial account reported (“not mine”); incorrect collection balance; incorrect collection account reported; multiple reports of an account in bankruptcy; chapter 7 accounts discharged but reported as delinquent, as well as further types of alleged errors (contractor’s report at 26.)

The second pilot study was comprised of 128 people who, after an in-depth review of their credit reports, determined whether they believed there were significant errors in their reports. As further summarized in Table II below, 88 people stated they found no errors and 40 people alleged one or more errors that they wanted to dispute, whether material or not. Of the latter group, there was a sub-group of 15 people who alleged material errors:

Third Interim Report to Congress Under Section 319 of the FACT Act

Table II. Allegation of Errors Associated with Recruitment Channels

Recruitment Channel	Cases with finished credit report reviews	Cases with alleged inaccuracies (percent)*	Cases with alleged material errors (percent)*	Cases not fully completed (percent)*
(1) Random Direct Mail (includes public records)	12	7 (58.3%)	3 (25%)	0 (0%)
(2) Random Mailing to Members of Navy Federal	24	11 (45.8%)	4 (16.7%)	0 (0%)
(3) Weighted-Random Mailing to Members of Navy Federal	17	5 (29.4%)	2 (11.8%)	0 (0%)
(4) Further Random Mailing to Members of Navy Federal	7	2 (28.6%)	0 (0%)	0 (0%)
(5) Random Mailing to Members of Commerce Bank	7	0 (0%)	0 (0%)	0 (0%)
(6) Further Random Mailing to Members of Commerce Bank (format change)	39	9 (23.1%)	3 (7.7%)	3 (7.7%)
(7) VITA Program	9	4 (44.4%)	3 (33.3%)	0 (0%)
(8) Misc. contacts	13	2 (15.4%)	0 (0%)	0 (0%)
Totals (percent)	128 (all)	40 (31.3%)	15 (11.7%)	3 (2.3%)

* Percent calculated with respect to the finished reviews for the indicated channel.

The focus of the second pilot study (like the first) was to track the outcomes for material disputes. Accordingly, the contractor counted a case as “completed” if (a) there were no alleged errors, or (b) any alleged material error was disputed with CRA/lender and the outcome of the dispute was known to the contractor. Three cases were not fully completed. For these, there were material disputes but the contractor does not know with certainty whether the intended disputes were actually filed and, if they were filed, what outcome was reached.¹⁰

¹⁰ Participants agreed to let the contractor know of the outcome of any dispute. Follow-up calls were made (repeated as necessary) for consumers who alleged material errors. If a case did not involve alleged material error(s), it was counted as “complete” whether or not the participant reported the outcome of a dispute back to the contractor. The 3 incomplete cases
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Third Interim Report to Congress Under Section 319 of the FACT Act

A shortcoming of the first pilot study was that many participants who said they would file a dispute did not carry through with their intention. Specifically, the first study had 30 participants, of whom 7 alleged errors and said they would file a dispute. The contractor gave the participants complete instructions on how and where to file, but this approach proved not to be successful. Only 2 people took action in an effort to correct their credit records; also, only 1 of the 3 people who alleged a material error subsequently filed a dispute. The second study addressed this issue by securing more participants and by having the contractor prepare dispute letters, with self-addressed envelopes to the relevant CRAs and pre-paid postage, for cases in which consumers alleged errors and stated that they wanted to file. There were 40 such cases, of which 15 involved material disputes. The new procedure proved very beneficial especially regarding material disputes: at least 12 of the 15 cases were filed.

Regarding the disposition of disputes, the noted 12 cases involved allegations of material error and the respective outcomes for these disputes are known. Many of these cases involved disputes of a number of credit report items and also multiple CRAs (from one to three). In brief, for 7 of the cases, credit report changes were made fully in keeping with the consumer's allegation; for 3 cases, certain changes were made in keeping with the consumer's allegation (although not regarding all of the challenged items); for 2 cases, none of the alleged errors led to any changes on the consumer's credit report. (See also contractor's report at 24.)

Whenever it appeared that a consumer's credit score could be affected by "correcting" an alleged error, the contractor marked the relevant credit reports with explanations of the discrepancies and sent copies of the marked reports to Fair Isaac for rescoring. (The attached PIA explains the security protocols involved.) The purpose of rescoring is to further evaluate cases where the creditworthiness of the borrower might have been materially affected, should the alleged errors be confirmed. If changes were subsequently made by CRAs and lenders in keeping with the consumer's allegation – thus, confirmed error(s) via the dispute process – the rescoring of the frozen files render the impact of the error(s) on the consumer's credit score.¹¹

Errors of Omission

Credit reports could also exhibit "errors of omission" but this matter is extremely difficult to ascertain. Given the different reporting cycles of data furnishers and the voluntary basis on which information is reported to a CRA, there may be different reasons as to why a certain

¹⁰(...continued)
involved alleged material error but the contractor could not ultimately reach the consumers regarding the outcome of the disputes (if filed), though repeated efforts were made.

¹¹ The files are called "frozen" because no new credit information was added to the consumer's original credit reports obtained during the course of the study; any rescoring would thus apply only to potential changes, or actual changes, directly related to the contractor's review. The results of the rescoring of frozen files were not passed on to the consumers; they received new credit reports and bureau scores six weeks after notifying the contractor about the outcome of their dispute. The results of rescoring are given in the contractor's report (at 25).

Third Interim Report to Congress Under Section 319 of the FACT Act

anticipated item is not on a credit report. The item may be missing because (1) a data furnisher did not provide it to a CRA, (2) due to differing reporting cycles, a data furnisher provided it at a time after the credit report was viewed by the consumer, or (3) the item was submitted to a CRA but in the further processing of this information some error occurred (e.g., the information was placed in the wrong consumer's file). Instances (1) and (2) are not indicative of error,¹² while instance (3) is. FTC staff does not presently know of a cost-feasible way to address this complexity and formulate a procedure from which reliable conclusions could be drawn. Thus, we do not address possible errors of omission in this study.

Over-Sampling of Individuals having Credit Histories with Higher than Average Credit Scores

As in the first pilot study, this study also shows that a purely random selection of consumers to whom invitation letters are sent results in an over-sampling of individuals having higher than average credit scores. With information supplied by Fair Isaac, the contractor was able to compare the distributions of credit scores in the study with the national distribution using 50-point intervals (table below). The study sample exhibits a greater proportion of people in the upper credit score intervals and a smaller proportion in the lower credit score intervals:

Table III. Score Distributions over Fixed Intervals in Credit Scores

Score Range	Sample Percent	Bureau Percent
Under 600	7	12
600-649	3	12
650-699	9	15
700-749	17	20
750-799	41	28
800 plus	23	13
Totals	100%	100%

As the sample was being developed, arrangements were made to see how one might address the problem that people with higher credit scores are more likely to participate (which was identified in the first study). Using data from past loan applications, an analyst from Navy Federal Credit Union constructed a statistical model to predict the credit score quintile

¹² As noted in the contractor's report (at 9), this matter was discussed in the context of each credit report review, so that the consumer would not allege an error simply because an item appeared on one credit report but not on another.

Third Interim Report to Congress Under Section 319 of the FACT Act

in which various members would likely fall. (The model used records from Navy Federal, which were not shared with the contractor.) In the second mailing from Navy Federal, twice as many invitations were sent to individuals predicted to have credit scores in the lowest quintile than were sent to individuals predicted to fall in the highest quintile, while still retaining 40% of the addressees across these two groups. This effort proved successful, as the distribution of credit scores more closely approximated national norms (see contractor’s report at 19). As another effort, the contractor employed targeted recruitment from the VITA program to obtain participation from individuals more likely to have lower credit scores.

Table IV. Allegation of Errors According to Credit Score Categories

Score Category	Total Number of Reviewed Cases*	Cases with <i>No</i> Alleged Errors	Cases with <i>No</i> Alleged <i>Material</i> Errors	Cases with at least one Alleged <i>Material</i> Error	Percent of indicated Score Category with an Alleged <i>Material</i> Error
under 610	10	4	5	5	50.0%
610–689	12	8	8	4	33.3%
690–749	27	19	23	4	14.8%
750–789	35	26	33	2	5.7%
790 plus	44	31	44	0	0%
Totals	128	88	113	15	11.7% (of all cases)

*Each case represents one consumer for whom 3 credit reports were drawn and reviewed in-depth.

In general, credit records that have lower credit scores have more entries with negative connotation and *prima facie* a greater likelihood of containing items that may be challenged. That is, consumers more readily identify potential errors that hurt them than identify potential errors that improve their credit scores. It should be added that there is no known method in the context of a consumer review of credit reports that would equally identify errors having a positive impact on a consumer’s credit score. The employed methodology primarily renders estimates of alleged errors (and estimates of confirmed errors) that have a *negative impact* on a consumer’s credit score.

As seen from Table IV, the results from the second pilot study are consistent with the expectation (just discussed) that credit reports with lower scores have a greater likelihood of involving disputes. This fact highlights that a national study would need to use special methods, such as weighted random sampling and direct targeting, to secure a proper

Third Interim Report to Congress Under Section 319 of the FACT Act

representation (i.e., reflective of national norms) for credit reports that have below-average credit scores.

The Demographics of the Study

Across the 128 participants, the following characteristics were reported:

Age	Ethnicity	Co-habitation
4.7% under 25 years old	80.5% white	66.1% married
13.3% between 25 and 34	12.5% black	2.4% living with a partner
21.1% between 35 and 44	2.3% Hispanic	16.5% were never married
21.9% between 45 and 54	0.8% Asian	15.0% divorced, separated, widowed.
22.7% between 55 and 64	3.9% other	
15.6% at 65 or older		

Employment	Household Income
32.8% in professional occupations	6.4% below \$25K;
14.4% in administrative/ managerial jobs	16.7% between \$25K and \$50K;
8.8% in the trades	22.2% between \$50K and \$75K;
8.8% in sales	15.9% between \$75K and \$100K;
8.0% in clerical	34.1% over \$100K.
20.8% retired	
6.4% disabled	

Regarding education, 66.1% were college graduates (of which 1/3 obtained graduate degrees). Finally, 43.8% of the participants were female and 56.3% male.

Privacy Impact Assessment

Given the sensitive nature of the data involved in the study, the contractor took great care to protect the privacy and security of the information supplied by participants. The second pilot study (unlike the first) made use of a registration Web site on the Internet, which

Third Interim Report to Congress Under Section 319 of the FACT Act

required the FTC to undertake a formal Privacy Impact Assessment (PIA).¹³ Before agreeing to the study, all of the participants were given an overview of the study, the specific terms of engagement, and a privacy disclosure statement that explained what information was being collected by the site, why it was being collected, how it would be used, how it would be secured, and other matters of concern to consumers (Appendix I gives a copy of the disclosure statement). Hyperlinks were provided to the respective security policies of each of the research partners (University of Missouri-St. Louis, Fair Isaac Corp., George Washington University, and the FTC). Among other things, security protocols were used that suppressed each participant's SSN and most of the digits of the account numbers on any credit report viewed by University research associates. Each participant's SSN was entered and used only once in the study; i.e., when the person entered his or her SSN at *myFICO.com* to set up an account, free of charge to the participant, for obtaining credit reports. A review of all security matters is given in the attached PIA.

Conclusion

Under Section 319 of the FACT Act, the Commission has completed two pilot studies that use a consumer survey approach for studying credit report accuracy. As discussed above, the second pilot study included certain design enhancements that increased the efficiency and yield of the study, while certain problems remain. As a next step, the Commission plans to formulate and conduct a nationwide survey of credit report accuracy. The survey methodology to be proposed would likely be similar to the second pilot study; however, we will pursue additional techniques to obtain a representative sample of credit reports, particularly including credit histories with low credit scores. The Commission will further assess whether a non-response bias would pose a significant limitation to a national study. The goal is to conduct a nationwide survey of credit reports that is based on a nationally representative sample, uses a reliable method for identifying errors, and categorizes errors by type and seriousness in terms of potential consumer harm.¹⁴

We anticipate continued use of the FCRA dispute process. As discussed above, knowing the results of the dispute process does not establish the "accuracy" of credit reports with certainty. Yet, a study using the dispute process appears to be the only feasible way of performing a nationwide survey, in view of the enormous difficulty and cost of attempting to ascertain the ultimate accuracy regarding alleged errors.

In the next interim report, the Commission will assess the progress achieved.

¹³ *Registration Web Site for the FACTA Credit Report Accuracy Study—Privacy Impact Assessment (February 2008)*. The PIA, which is attached as Appendix II, may also be accessed at <http://ftc.gov/os/2008/02/08022pia.pdf>.

¹⁴ In 2009, FTC staff will develop and submit for OMB approval (involving two occasions for public comment) a specific proposal that is designed to reach a nationally representative sample of credit reports. At the same time, this will also involve obtaining a sample of consumers whose demographic characteristics are reflective of other national norms (such as gender, age, race, educational level, income level, and further characteristics). Upon OMB approval for the study, the FTC will solicit competitive bids and select a contractor to perform the study.

Third Interim Report to Congress Under Section 319 of the FACT Act

Attachments

Appendix I: Privacy Disclosure Statement

Appendix II: FTC's Privacy Impact Assessment

Appendix III: Contractor's Report on Second Pilot Study