

**Illinois Credit Union League**

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July 16, 2004

Federal Trade Commission  
Office of the Secretary  
Room H-159 (Annex M)  
600 Pennsylvania Avenue, NW  
Washington, DC 20580  
FACTASStudy@ftc.gov

Re: FACT Act Section 318(a)(2)(C) Study  
Matter No. P044804

We are pleased to respond on behalf of our member credit unions to the Federal Trade Commission's ("FTC's") study of the effects of requiring that a consumer who experiences adverse action based on a credit report receive a copy of the same credit report the creditor relied on in taking the adverse action. The Illinois Credit Union League represents over 500 credit unions in Illinois.

For the reasons set forth below, we believe that requiring the provision to a consumer of a copy of the same credit report used by the creditor will not benefit consumers and would impose an unnecessary burden on creditors, if creditors are required to provide the credit report.

The Fair Credit Reporting Act requires a creditor that takes adverse action based in whole or in part on information in a credit report to provide the consumer with a notice that the adverse action is based in whole or in part on the credit report and notify the consumer that a free copy of the consumer's credit report may be obtained by contacting the consumer reporting agency that provided the report. The notice must contain the name, telephone number, and address of the consumer reporting agency and explain the consumer's right to dispute with the consumer reporting agency the accuracy or completeness of any information in the credit report.

We believe that consumers will derive little benefit from receiving the same credit report the creditor relied on in taking the adverse action. Many credit reports provided to creditors are designed for efficient use by loan officers familiar with the format and codes of the credit report. Such reports are not easily deciphered by consumers.

By contrast, if a consumer reporting agency provides a credit report to a consumer in response to the consumer's request, the credit report is provided in a format that is "consumer friendly," or is accompanied by instructions on how to read the report, including a description of the codes and abbreviations used in the report. The benefits to a consumer of obtaining a credit report after the adverse action that has been reformatted or accompanied by instructions substantially outweigh receiving the credit report the time of the adverse action.

Some applicants display their unhappiness over a denial of their application by throwing the adverse action notice away. If the applicant's credit report is provided with the adverse action notice, retrieval by a third party of a carelessly disposed credit report could increase the likelihood of identity theft and raises other privacy concerns.

If the creditor-formatted credit report is provided to the consumer by the creditor, the consumer is likely to demand that the creditor's employees explain the report. The amount of loan staff hours devoted to denied loan applications could increase appreciably and result in additional personnel costs to the creditor.

If a consumer requests a credit report shortly after receipt of an adverse action notice, we believe that it is unlikely that the information in that credit report would be materially different from the information contained in a credit report provided with the adverse action notice. Providing a credit report at the time of adverse action would not increase a consumer's ability to identify errors in the report or remove fraudulent information from the report. In fact, the inability to decipher a creditor-formatted report might discourage consumers from pursuing their rights under the Fair Credit Reporting Act.

We appreciate the opportunity to provide our comments on the credit report study. We will be happy to respond to any questions regarding these comments or otherwise discuss our concerns with FTC staff.

Very truly yours,

ILLINOIS CREDIT UNION LEAGUE

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