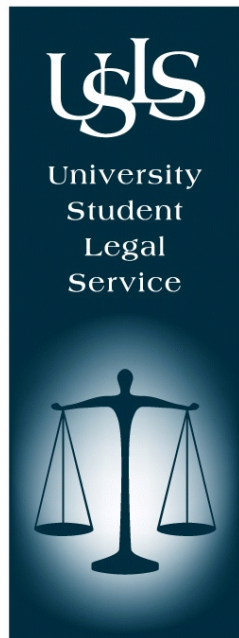


Consumer's Guide to Credit Reporting

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THE FAIR CREDIT REPORTING ACT PROTECTS YOUR CREDIT RECORD

If you have ever applied for a charge card, a personal loan, insurance, or a job, someone is probably keeping a file on you. This file may contain information about where you live and work, medical treatment, your bill paying habits, and whether you have been sued, arrested, or have filed for bankruptcy.

The companies that gather and sell this information are called *consumer reporting agencies*. The most common type of consumer reporting agency is the credit bureau. The information sold by consumer reporting agencies to creditors, employers, landlords, insurers, and other businesses is called a *consumer report*.

The **Fair Credit Reporting Act** is a federal law designed to protect your privacy and assure accuracy with regard to consumer reports. The law strictly limits access to consumer reports, and requires consumer reporting agencies and businesses that use them to furnish accurate and complete information.

Here are answers to some common questions about consumer reports and consumer reporting agencies.

Was I denied credit because of a bad credit report?

If you applied for and were denied credit, the creditor is required to give you the specific reason(s) for the denial. For example, the creditor must tell you whether the denial was because you have "insufficient credit history" or because your consumer report indicates that you have "delinquent obligations". You must be informed anytime adverse action is taken due to a consumer report.

How do I locate the consumer reporting agency that has my file?

If your credit application was denied because of information supplied by a consumer reporting agency, the company you applied to must give you the name, address, and telephone number of the agency. Local and regional consumer reporting agencies are listed in the yellow pages under "credit reports." A number of different agencies are likely to have a file in your name. The three major national credit reporting agencies are:

- Experian: 1-888/397-3742
- Trans Union: 800/888-4213
- Equifax: 800/685-1111

Do I have a right to know what the report says?

Yes. The consumer reporting agency is required to provide you with all information in their file, the sources of that information, and the names of all recipients of a report on you within the previous year--two years for employment related requests.

The consumer reporting agency is also required to provide you with a *Summary of Rights* which explains your rights under the Fair Credit Reporting Act.

Do I have to go in person to get the information in my report?

No. You may request the information by phone or mail, but before the consumer reporting agency will disclose any information, you must provide proper identification. Each of the major agencies give recorded instructions about how to request your report by calling the toll-free number.

Do I have to pay a fee for my report?

No. You are entitled to a free copy of your credit report if: **a)** you were denied credit within the past 60 days; **b)** you are unemployed and seeking employment; **c)** you are on public assistance; **d)** you are the victim of fraud. If none of the above applies, the consumer reporting agency may charge a \$3 fee to MN residents.

What can I do if the information is inaccurate or incomplete?

Upon your request, consumer reporting agencies and businesses who use them must investigate any item in your credit report that you believe is inaccurate or incomplete. This must be done within 30 days. Dispute letters should include: **a)** your name, address and social security number; **b)** description of the disputed item; **c)** the reason for the dispute and supporting documentation; **d)** a request to correct or delete the item.

If the disputed item cannot be verified, the error must be corrected. For example, if a delinquent debt was eventually paid in full, the additional information about payment should be added to the report. A totally inaccurate item should be deleted from the report. You may then request that a correction be sent to past recipients of your report and other national reporting agencies.

What can I do if the consumer reporting agency won't modify the report?

The investigation may not resolve your dispute with the consumer reporting agency. If this happens, you have a right to a description of the investigative procedure used. You may also submit your version of the facts in a written statement which must be added to

the file and included in future reports. At your request, the consumer reporting agency must provide your statement to anyone who received a copy of the report during the previous six months.

How long does negative information remain in the report?

Adverse information can be reported for seven years, with certain exceptions:

- Bankruptcy information can be reported for 10 years;
- Information reported because of a job application with a salary of more than \$75,000 has no time limit;
- Information reported because of an application for more than \$150,000 worth of credit or life insurance has no time limit;
- Unpaid judgments remain of record for up to ten years.

Are reports prepared on insurance and job applicants different?

If a report is prepared on you in response to an insurance or job application, it may be an *investigative consumer report*. These reports are more subjective, often involving interviews with acquaintances regarding your lifestyle, character and reputation. Also, before a company may obtain an investigative consumer report they must give you notice of their intent to do so. You have a right to know the nature and scope of the investigation. If adverse action is taken as a result of an investigative report, you have a right to a copy of the report.

Employers must ask your permission before obtaining any type of consumer report on you for employment purposes.

Can anyone get a copy of the report?

No. It is given only to those with a legitimate business need, for purposes such as credit, employment, housing or insurance applications. Prospective employers must certify that they have been authorized by the job applicant to obtain the report.

To limit unsolicited credit or insurance offers by private businesses you can "opt out" of lists provided to these businesses by calling 1-888-567-8688.

What if I think a business or reporting agency has violated my rights under the law?

You may wish to seek the advice of an attorney. In some cases, but not always, a consumer reporting agency or other party who has violated the Fair Credit

Reporting Act must pay attorneys fees and costs, as well as damages.

Contact the Federal Trade Commission, Correspondence Branch, Federal Trade Commission, Consumer Response Center, 600 Pennsylvania Avenue, Washington, DC 20580; 1-877-382-4357. Or check their web site at www.ftc.gov and click on consumer protection and credit.

Adapted from material prepared by the Federal Trade Commission and the National Consumer Law Center, 11 Beacon Street, Boston, MA 02108.

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IN BRIEF

USLS has a full-time staff of attorneys, legal assistants, and support staff to help students with legal problems. Any University of Minnesota Twin Cities student who is currently paying the student services fee is eligible. USLS can handle cases in the seven-county metro area.

USLS can help with the following:

- ▶ **Landlord/Tenant**
- ▶ **Collection**
- ▶ **Consumer Problems**
- ▶ **Employment**
- ▶ **Immigration**
- ▶ **Family Law**
- ▶ **Misdemeanors/DUI**
- ▶ **Name Changes**
- ▶ **Power of Attorney**
- ▶ **Wills**

To make an appointment, please call our office at 612/624-1001. The receptionist can explain our eligibility requirements, answer questions about the scope of our practice areas, and refer you to other services or agencies that might be able to help.

Please note that USLS cannot take cases where the adverse party is the U of M or any of its departments, staff, or students.

Please see our pamphlet, *USLS Handbook*, for the full text of all USLS policies.

Remember: The law changes often and each case is different. This brochure is meant to give you general information, not specific legal advice.