

Frequently Asked Question and Answer

July 15, 2015

Question

When completing adverse action notices where the credit report was used in rendering the decision, which credit reporting agency should the lender disclose in order to comply with section 615(a) of the Fair Credit Reporting Act?

Short Answer

The lender should disclose the contact information for the credit reporting agency that provided the information. The waters get a little muddied when creditors obtain tri-merged reports or use third parties to obtain information from one or more of the national credit reporting agencies. There are three national credit reporting agencies (TransUnion, Equifax and Experian); however, there are many specialty credit reporting agencies that provide supplemental and merged credit reports to lenders.

In many cases these specialty agencies will provide one free report to a consumer every twelve months if requested. As such, a lender may identify the specialty provider as the as the agency that was relied upon when making the credit decision.

Answer Details

In addition, Section 1100F of the Dodd-Frank Act amended the Fair Credit Reporting Act (“FCRA”) to require lenders to disclose a credit score and related information if the score is used in taking an adverse action based at least in part on the information contained in a consumer report. The FCRA also requires lenders to provide credit scores to applicants when the credit score is used.

Even if the score is not a significant factor in making the decision, the lender must disclose the score, up to four key factors, range of scores, the date of the report and the name of the entity that provided the credit score. Because scores vary among the national agencies, the national agency from which the specific score was generated should be disclosed rather than the contact information of the specialty credit reporting agency.

If you are interested in an audit or assistance with your Fair Credit Reporting Act or Lending program, please contact Brian Shea at bshea@wolfandco.com or Erica Torres at etorres@wolfandco.com.