

What Is the Fair Credit Reporting Act and What You Should Know About It

The Fair Credit Reporting Act (FCRA) and the recent update to this law called the Fair and Accurate Credit Transactions Act (FACTA) protect consumers against inaccurate information being reported by credit bureaus and the privacy of that information. What does this mean to you?

When you make purchases on a credit card, make payments to your accounts, open new bank or credit accounts, borrow money, buy a house or a car, and even fund your education, your financial information is reported by creditors and lenders to a credit bureau.

The three major credit agencies that serve as clearinghouses for this information are Equifax, Experian, and TransUnion. Each lender and credit company may report your information to a different agency, depending on the location of the business and the service agreement between the companies, so each credit agency might print very different information on your credit report.

According to the FCRA, you have the right to know what is on your credit report if you ask for it. You can contact each of the credit bureaus separately and pay for a report at any time. However, if a company refuses you credit, employment, or insurance, you may request a free copy of your report within 60 days. Simply ask the company that denied you credit for the name and contact information of the credit bureau they use. In addition, all three agencies must provide a free copy of your report in cases where you have been the victim of fraud or identity theft.

Due to the recent changes by the FACTA, you will be entitled to one free copy of your report from each agency per calendar year, effective in all states by the end of 2005. (You can order it at www.annualcreditreport.com) For example, if you order a report from Equifax in June of 2005, you may request a free report in June 2006. The credit bureaus must also supply you with a list of everyone who has requested your report in the last year.

The FCRA requires that all credit bureaus and all information providers, such as lenders, credit card companies, or landlords, correct any inaccuracies that they are aware of in your report. If you find inaccurate or incomplete information in your credit report, notify all three agencies by phone and follow up in writing by using certified mail, return receipt requested, so you will have documentation of all requests and responses by the bureaus.

Also send a request for the correction in writing to the information provider. If the provider finds that the inaccuracy is substantiated, they must notify all national credit bureaus of the correction. If the dispute results in a change, the credit bureau is required to provide you with written results and a free copy of your adjusted report.

Privacy is a serious issue when it comes to your personal information, and the FCRA includes provisions to guard the privacy of your credit report. Your employer or a potential employer may only gain access to your credit history with your consent. An employer, insurer, or creditor cannot access a report that contains your medical information without your approval. Only people with a legitimate business need, such as an application for credit or a rental agreement, are allowed under the FCRA to obtain a copy of your credit report.

The FACTA has enabled consumers to place a fraud alert on their credit report with one phone call to the credit agency. In cases where you suspect that you are the victim of identity theft, or have simply lost your identifying information, you can stop potential thieves from accessing your credit.

You can also get records from businesses where a thief has used your personal information without your consent, provided you have a copy of the police report detailing your identity theft. These records are invaluable in the process of clearing your name after such a crime.

Also new with FACTA is the requirement that mortgage lenders and credit bureaus provide consumers with their credit scores upon request. In addition, if an information provider is sending negative information to a national credit bureau for inclusion on your credit report, they must now send you written notification prior to doing so.

These laws, the FCRA and its newer counterpart the FACTA, have made significant strides toward protecting the consumer from potentially damaging errors and breaches of privacy.

More information can be found at <http://www.apscreen.com>