

FAIR CREDIT REPORTING



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INTRODUCTION

If you've ever applied for a charge account, a personal loan, insurance, or a job, someone is probably keeping a file on you. This file might contain information on how you pay your bills, or whether you've been sued, arrested, or have filed for bankruptcy.

The companies that gather and sell this information are called consumer reporting companies. The information sold by consumer reporting companies to creditors, employers, insurers, and other businesses is called a "consumer report" or "credit report." This report generally contains information about where you work and live and your bill-paying habits.

The Fair Credit Reporting Act (FCRA)¹ gives consumers specific rights in dealing with consumer reporting companies. All consumer reporting companies are under a general duty to avoid reporting inaccurate information about you. Likewise, organizations that provide information (credit card companies, finance companies, etc.) must take steps to ensure that what they report is accurate.

WHERE IS MY CREDIT REPORT?

The FCRA requires each of the nationwide consumer reporting companies – Equifax, Experian, and TransUnion – to provide you with a free copy of your credit report, at your request, once every 12 months.

The three nationwide consumer reporting companies have set up a central website, a toll-

free telephone number, and a mailing address through which you can order your free annual credit report.

To order your free report, visit www.annualcreditreport.com, or call 877-322-8228.

Only www.annualcreditreport.com is authorized to provide the free annual credit report you are entitled to under law. Other websites that claim to offer "free credit reports," "free credit scores," or "free credit monitoring" are not part of the legally mandated free annual credit report program. In some cases, the "free" product comes with strings attached. **Your free credit report does not necessarily include a credit score.** Reporting agencies are only required to provide the information they use to calculate your score.

WHY DO I WANT MY CREDIT REPORT?

Your credit report has information that affects how much you will have to pay to borrow money. You want a copy of your credit report to: make sure the information is accurate, complete, and up-to-date before you apply for a loan for a major purchase like a house or car, buy insurance, or apply for a job.

Annual review of your credit report also helps to guard against identity theft. That's when someone uses your personal information to commit fraud. Identity thieves may use your information to open a new credit card account in your name. Then, when they don't pay the bills, the delinquent account is reported on your credit report.

¹ 15 U.S.C. § 1681 et seq. (2010)

WHEN WILL I GET MY REPORT?

If you request your credit report online at www.annualcreditreport.com, you should be able to access it immediately. If you order your report by calling toll-free 877-322-8228, it will be processed and mailed to you within 15 days.

CAN I RECEIVE MORE THAN ONE FREE CREDIT REPORT?

A consumer reporting company may charge you up to \$12.00 for a second copy of your report within a 12-month period. However, under the FCRA, you're entitled to a free report if a company takes adverse action against you, such as denying your application for credit, insurance, or employment, and you ask for your report within 60 days of receiving notice of the denial. You are also entitled to an additional free report if you can prove that (a) you are unemployed and plan to look for a job within 60 days; (b) you are on welfare; or (c) your report is inaccurate because of fraud.

WHAT CAN I DO IF THE INFORMATION IS INACCURATE?

Under the FCRA, both the consumer reporting company and the information provider (that is, the person, company, or organization that provides information about you to a consumer reporting company) are responsible for correcting inaccurate or incomplete information in your report. To take full advantage of your rights under this law, contact the consumer reporting company and the information provider. Tell the consumer reporting company, in writing, what information you think is inaccurate.

Consumer reporting companies must investigate the items in question – usually within 30 days – unless they consider your dispute frivolous.

When the investigation is complete, the consumer reporting company must give you the written results and a free copy of your report if the dispute results in a change. (This free report does not count as your annual free report).

If an item is changed or deleted, the consumer reporting company cannot put the disputed information back in your file unless the information provider verifies that it is accurate and complete.

WHO ELSE CAN GET A COPY OF MY CREDIT REPORT?

The FCRA specifies who can access your credit report. Creditors, insurers, employers, and other businesses that use the information in your report to evaluate your applications for credit, insurance, employment, or renting a home are among those that have a legal right to access your report.

Your employer can get a copy of your credit report only if you agree. A consumer reporting company may not provide information about you to your employer, or to a prospective employer, without your written consent.

HOW CAN I REPAIR MY CREDIT?

Just because you have a poor credit report doesn't mean you can't get credit. Creditors set their own standards, and not all look at your credit history the same way. Some may look only at recent years to evaluate you for credit, and they may give you credit if your bill-paying history has improved. It may be worthwhile to contact creditors informally to discuss their credit standards.

If you're not disciplined enough to create a workable budget and stick to it, to work out a repayment plan with your creditors, or to keep track of your mounting bills, you might consider contacting a credit counseling organization that can advise you on managing your money and debts, help you develop a budget, and offer free educational materials and workshops.

***This handout is general in nature. It is not a substitute for legal advice from an attorney regarding individual situations. (August 2021)**

For additional information on this and other legal topics, see the Air Force Legal Assistance Website: <https://aflegalassistance.law.af.mil>