May 12, 2014

RE: SECURE Act of 2014

Dear Senator :

Our organizations, representing millions of consumers across the United States, strongly urge you to support and co-sponsor the Stop Errors in Credit Use and Reporting (SECURE) Act, S. 2224. Credit reports and the scores that are generated from them are key factors in obtaining a loan and in the rate that a consumer pays for credit or insurance. They can also affect the ability to get a job, rent an apartment, or obtain utility service. Persistent problems with credit report inaccuracy, well-documented by the Federal Trade Commission[1] and consumer organizations[2], can have serious detrimental impacts on your constituents' daily lives, and resolving those problems can be a nightmare.

This legislation is a common-sense approach to making the credit reporting system more accurate and fair to consumers. The SECURE Act of 2014 would:

- **Improve credit reporting accuracy** by directing the Consumer Financial Protection Bureau (CFPB) to establish minimum procedures to ensure maximum possible accuracy, including considering whether accuracy would be improved by requiring credit reporting agencies to match information from a lender to a consumer's file based on all nine digits of the consumer's Social Security Number.

- **Fix the broken system for credit reporting disputes** by requiring credit reporting agencies to provide data furnishers with all documentation that consumers have submitted in regard to disputes, requiring furnishers to review and consider that documentation as part of a meaningful investigation, and clarifying that repeated disputes about the same matter cannot be dismissed as frivolous if consumers have new or additional information that is relevant to the reinvestigation. Until recently, credit reporting agencies would fail to forward a copy of the consumer's actual dispute letter and any supporting documentation;

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[1] The most recent study by the Federal Trade Commission under the Fair and Accurate Credit Transaction Act, dated December 2012, found that 21 percent of consumers' credit reports had errors, 13 percent had errors that affected their credit scores, and 5 percent had errors that were serious enough to deny them credit or cause credit to be more expensive. See http://www.ftc.gov/sites/default/files/documents/reports/section-319-fair-and-accurate-credit-transactions-act-2003-fifth-interim-federal-trade-commission/130211factareport.pdf.

[2] See *Errors and Gotchas: How Credit Report Errors and Unreliable Credit Scores Hurt Consumers*, Consumers Union, April 9, 2014, http://defendyourdollars.org/wordpress/wp-content/uploads/2014/04/Errors-and-Gotchas-report.pdf and *Big Credit Bureaus, Big Mistakes*, US PIRG, November 19, 2013. http://www.uspirgedfund.org/sites/pirg/files/reports/Big%20Credit%20Bureaus%2C%20Big%20Mistakes.pdf.

instead, they would merely turn the dispute into a 2 or 3 digit code and send only that code to the furnisher.

- **Make the credit reporting system more transparent** by requiring credit reporting agencies to give consumers detailed information about who pulled their credit reports and why. Currently the law only requires the credit reporting agency to give the consumer the name of the person, including the trade name, who has pulled the report, and the address and phone number is provided only on request. This legislation would require that consumers be automatically provided with the full information about who pulled their reports as well as the purpose for which the data was sought (e.g. credit, employment, insurance underwriting, etc.).

- **Give consumers better information when they are denied credit or charged a higher interest rate** by requiring credit reporting agencies to automatically provide consumers with their credit reports in those circumstances. This will enable consumers to get the information on which adverse decisions were made without having to make a special request. The bill also directs the CFPB to issue rules to ensure that these credits reports provide the same information that is used by lenders to deny a consumer credit or increase interest rates.

- **Help consumers understand their creditworthiness** by entitling them to a free annual credit score that reflects a score that lenders actually use. Currently, while consumers are entitled to request a free copy of their credit report once a year, if they want to check their credit scores, they must purchase them from the credit reporting agencies. What they receive are usually "educational scores," which no lenders actually use. The difference can be significant; the CFPB found that these educational scores are significantly different from the most popularly used score – FICO scores – for 1 in 5 consumers.[3]

- **Promote accountability for businesses that deal in consumer information** by creating a national registry of consumer reporting agencies so that consumers know who is collecting and disseminating information about them for credit, employment, insurance and other purposes covered by the FCRA.

- **Strengthen enforcement of credit reporting obligations** by enabling consumers to seek injunctive relief and making it easier for the Federal Trade Commission (FTC) to take action when there are violations. Currently, while consumers can sue for damages, they

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[3] *Analysis of Differences between Consumer and Creditor-Purchased Credit Scores*, Consumer Financial Protection Bureau, September 2012, http://files.consumerfinance.gov/f/201209_Analysis_Differences_Consumer_Credit.pdf (noting that FICO scores and educational scores differed by entire risk tier for 1 in 5 consumers)

cannot ask courts to order entities that violated their rights to fix their credit reports or stop illegal practices. The FTC is also hamstrung by a requirement that it prove a “knowing” violation, a much higher burden of proof than individuals and state attorneys general are required to meet.

These credit reporting reforms are urgently needed in order to ensure that consumers are treated fairly and that the credit reporting system that underlies so many daily transactions works as well as it should.

We ask you to support and co-sponsor the SECURE Act of 2014 and look forward to working with you to swiftly enact it into law.

Sincerely,

National Signatories

Advocacy for Principled Action in Government
Americans for Financial Reform
Center for Digital Democracy
Center for Economic Justice
Consumer Action
Consumer Federation of America
Consumers Union
Demos
National Association of Consumer Advocates
National Consumer Law Center (on behalf of our low income clients)
National Fair Housing Alliance
Privacy Rights Clearinghouse
U.S. PIRG

State and Local Signatories

Arizona PIRG
CALPIRG
ConnPIRG
CoPIRG
Florida PIRG
Georgia PIRG
Illinois PIRG
Iowa PIRG
Maryland PIRG
MASSPIRG
MoPIRG
NCPIRG

NHPIRG
NJPIRG
NMPIRG
NYPIRG
Ohio PIRG
OSPIRG
PennPIRG
PIRGIM (PIRG in Michigan)
RIPIRG
TexPIRG
The Maryland Consumer Rights Coalition
VPIRG
WashPIRG
WISPIRG
Woodstock Institute