

3JM Company Inc.

Published Articles by David Balovich

Home
 3JM Profile
 Consulting
 Credit Dynamics
 Seminars
 D&B Schedule
 Published Articles
 Clients
 For More Info

Title: FAIR CREDIT REPORTING ACT AND AUTHORIZATION TO PULL PERSONAL CREDIT REPORTS

Published in: Creditworthy News

Date: 6/22/98

Knowledge and Information are the two tools necessary to be successful in any endeavor. However, the knowledge and information obtained must be accurate. Inaccuracy leads to confusion and chaos.

As many of you are aware, Congress made several changes to the Fair Credit Reporting Act in 1996 which went into effect in 1997.

Recently, the National Association of Credit Management, both through its Washington Representative and at its National Credit Congress held in New Orleans, issued an advisory to its members of new guidelines issued by the Federal Trade Commission when obtaining personal credit reports from those individuals who sign personal guaranties on behalf of their business or when investigating the personal credit history of proprietors or partners.

The advisory stated that the FTC now required that the credit grantor secure in writing the permission of the individual(s) prior to any personal credit reports being obtained.

THAT STATEMENT IS INCORRECT.

The Fair Credit Reporting Act has always required that prior permission be obtained from the applicant before pulling a credit report. That requirement is set forth in Section 604 of the Act. In the case of trade creditors; Section 604(a)(2)(A) states:

intends to use the information in connection with a credit transaction involving the consumer on whom the information is to be furnished and involving the extension of credit to, or review or collection of an account of, the consumer;

Regulation B of the Equal Credit Opportunity Act, which we have discussed in this column previously, states that an application for credit is a written or verbal request for credit. Since there is no requirement that the credit application be in writing then a signed authorization to pull a credit report, once application is made, is not required.

Changes were made in 1996 that requires the consumer to authorize, in writing, the obtaining of their credit report.

The first dealt with employers. Effective September 30, 1997 employers may no longer pull a credit report on an applicant for employment or an existing employee without first obtaining their written consent to do so.

The second dealt with credit reporting agencies. Effective September 30, 1997 credit reporting agencies no longer are required to furnish credit reports which contain medical information unless they have received documentation showing that the consumer authorized the business requesting the report to do so.

Also, effective September 30, 1997 consumers can cease the growing number of pre-approved solicitations received from financial institutions for their credit cards and home improvement loans. Every solicitation is now required to prominently display a toll free number that the consumer can call and have their name removed from the list credit reporting agencies provide for these offerings. By doing this their name will be removed for two years. Their name can be permanently removed by requesting a form to be sent them and once completed and received back by the credit reporting agency then no information will be provided for solicitation purposes.

This information can be obtained from the Federal Trade Commission at their web site: <http://www.ftc.gov/> or by contacting David Medine, Division of Credit Practices, Federal Trade Commission in Washington at (202)-326-3224.

I wish you well.

This site is copyrighted (C) by 3JM Company Inc., Lake Dallas, Tx
Website by Creditworthy Co.

This document was created with Win2PDF available at <http://www.daneprairie.com>.
The unregistered version of Win2PDF is for evaluation or non-commercial use only.