



THE FAIR CREDIT REPORTING ACT

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The Fair Credit Reporting Act (FCRA), 15 U.S.C. §§1681, *et seq.*, was passed by Congress in 1977 to give guidance to credit reporting agencies regarding their handling of consumer credit information. Provisions of the FCRA that you should be aware of are:

- Your individual credit history is not a public record;
- Your individual credit history cannot be accessed without your written permission;
- Anyone that accesses your individual credit history must have a permissible business purpose;
- Permissible purposes for accessing your credit history include responding to court orders, extending credit, collecting delinquent accounts, underwriting insurance, applying for a job or professional license or governmental benefit, assessing an investment opportunity, evaluating an existing credit obligation, using a credit history in connection with a business transaction initiated by the consumer, responding to a state or local child support enforcement agency;
- A consumer reporting agency cannot furnish a report relating to you in connection with a transaction that you did not initiate unless the transaction is a firm offer of credit or insurance, you have authorized the reporting agency to furnish a report, and you have not elected to be excluded from lists of names provided by reporting agencies;
- You may elect to have your name excluded from lists provided by consumer reporting agencies in connection with credit or insurance transactions that are not initiated by you;
- Your medical information must be excluded from your credit report unless you consent to the furnishing of medical information in connection with an insurance transaction, your consent clearly describes the use for which the information will be furnished, or the information will be used only in connection with debts arising out of the receipt of medical care;
- Your medical information cannot be used to determine your eligibility for credit unless it is determined to be appropriate under federal law or by certain federal agencies, *e.g.*, in transactions involving purchasing annuities or certain insurance policies;
- If your application for insurance, employment, or credit is rejected or modified due to something in your credit report, you must be notified;
- A credit reporting agency must reflect that you have voluntarily closed credit card accounts and that you have disputed credit transactions if the agency is notified of the facts in writing;
- Only the last 5 digits of your credit card number may appear on an electronically printed charge receipt.

Additionally, the FCRA limits the contents of credit reports to recent transactions. The following items must be **excluded** from your credit report:

- Chapter 11 bankruptcies that are more than 10 years old;

- Civil lawsuits, judgments, or arrest records that are more than 7 years old unless the statute of limitations is longer than 7 years;
- Paid tax liens that are more than 7 years old;
- Accounts placed for collection or that were written off by the creditor more than 7 years before the credit report; and
- Other adverse credit information, except criminal convictions, more than 7 years old.

These exemptions do not apply if you are seeking credit or life insurance in a principal amount of \$150,000 or more or if you are seeking employment with a yearly salary of \$75,000 or more.

In 2003, Congress passed the Fair and Accurate Credit Transactions Act (FACTA) which added identity theft protections to the FCRA. FACTA:

- Requires credit reporting agencies to provide consumers one free credit report per year;
- Allows consumers to request that the first 5 digits of their Social Security Numbers be removed from their credit reports;
- Requires creditors and other businesses to take reasonable steps to protect consumer information from unauthorized access;
- Allows identity theft victims to place a fraud alert on their accounts and credit reports for 90 days extendable to 7 years;
- Allows identity theft victims to block any portion of their credit report attributable to identity theft;
- Allows active duty military personnel to place an alert on their accounts and credit reports renewable yearly while serving outside the U.S.;
- Requires credit reporting agencies to give identity theft victims a written summary of their rights upon request;
- Requires businesses that issued accounts or credit to an imposter to provide account documentation to the identity theft victim if requested in writing;
- Requires collection agencies to report identity theft to creditors and provide information about the alleged debt to the identity theft victim;
- Prevents a creditor from placing a debt for collection after being notified that the debt was incurred through identity theft.