New Credit Dispute Rules Coming in July

April 23, 2010 - You check your credit report and find an error on it. You're not really surprised since 79% of all credit reports contain errors but you want to get it corrected just the same. Under the current rules, you call the credit bureau responsible for the reporting error to launch an investigation. You eventually send them documents that prove that the information on your credit report is in error and if you are very, very lucky the problem is taken care of. But at the beginning of July some new rules take effect that will give you another option when reporting a problem with your credit report.

One of the biggest complaints that many consumers have about credit reports is the difficulty they face in correcting bad information. One of the primary reasons for this is the fact that when you dispute an item on your report, if you send in documentation to support your claim the credit bureaus don't send your documents to the merchant that is reporting incorrectly. This makes it nearly impossible for merchants to conduct a real investigation and often results in a loss for the consumer.

Under the new rules, if you find an error on your credit report you will have the right to go directly to the merchant reporting that data and ask them to correct any errors. The rules require that merchants provide accurate data to credit bureaus, that they conduct a reasonable investigation when errors are reported, and that they correct any errors that they find. Additionally creditors will now be required to include your credit limit in the data that they provide to the credit bureaus.

The goal of these new rules is to provide consumers with more options for correcting data on their credit reports. While this is positive, consumers do need to know that they will have certain procedures that they have to follow if they want their problems resolved.

Under the rules, consumers will have to reasonably identify themselves when they launch a dispute. This will mean providing their full name and account number at the very least. They will need to specifically state what information they are disputing and why. And finally, they will need to provide copies of any documentation that support their claim.

Merchants are free to ignore any dispute that does not follow these procedures. Additionally merchants are not required to launch a new investigation if the item being disputed has been previously investigated.

Once an item is reported to a merchant, that merchant has 30 days to investigate and then report back to the consumer. If an item is not resolved to the consumer's satisfaction, it can still be disputed through the credit bureaus and/or reported to the Federal Trade Commission (FTC). The FTC has the authority to levy fines of up to $3,500 per violation for any merchant that is not following the law.

byJim Malmberg

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