FTC WARNS MOBILE AP MARKETERS ON FAIR CREDIT REPORTING ACT

from The Privacy Times

The Federal Trade Commission warned marketers of six mobile applications offering background screening apps that they may be violating the Fair Credit Reporting Act. If there was reason to believe the background reports they provide were being used for employment screening, housing, credit, or other similar purposes, they must comply with the FCRA, the FTC said.

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(function() {
var s = document.createElement('SCRIPT'), s1 = document.getElementsByTagName('SCRIPT')[0];
s.type = 'text/javascript';
s.src = 'http://widgets.digg.com/buttons.js';
s1.parentNode.insertBefore(s, s1);
})();
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(function() {
  var po = document.createElement('script'); po.type = 'text/javascript'; po.async = true;
  po.src = 'https://apis.google.com/js/plusone.js';
  var s = document.getElementsByTagName('script')[0]; s.parentNode.insertBefore(po, s);
})();
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The companies that received the letters are Everify, Inc., marketer of the "Police Records app,― InfoPay, Inc., marketer of the "Criminal Pages app,― and Intelligator, Inc., marketer of "Background Checks, Criminal Records Search, Investigat Locate Anyone,― and "People Search and Investigator apps.―

According to the FTC, some of the apps include criminal record histories, which bear on an individual's character and general reputation, and are precisely the type of information that is typically used in employment and tenant screening.

"lf you have reason to believe that your background reports are being used for employment or other FCRA purposes, you and your customers who are using your reports for such purposes must comply with the FCRA,― the FTC wrote.

The FCRA is designed to ensure the accuracy and privacy of consumer report information. A "Consumer Report― is defined broadly, as communications that include information on an individual's character, reputation, or personal characteristics and are used for purposes such as employment, housing or credit.

Under the FCRA, operations that assemble or evaluate information to provide to third parties qualify as consumer reporting agencies (CRAs). Mobile apps that supply such information may qualify as CRAs under the Act. CRAs must

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take reasonable steps to ensure the user of each report has a †permissible purpose' to use the report; have reasonable procedures to ensure the maximum possible accuracy of the information conveyed in its reports; and provide users of its reports with information about their obligations under the FCRA. In the case of consumer reports provided for employment purposes, for example, CRAs must provide employers with information regarding their obligation to provide notice to employees and applicants of any adverse action taken on the basis of a consumer report.

According to the letters, the agency has made no determination whether the companies are violating the FCRA, but encouraged them to review their apps and their policies and procedures to be sure they comply with the FCRA.

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