Experian and CoreLogic Sued for Collusion to Drive out Competitors

July 10, 2012 - Credit Bureau Services of Oak Park, Florida has filed suit against credit reporting agency Experian and one of its business partners; CoreLogic. The suit claims that the companies worked together to drive their competitors out of business. The plaintiffs in the case have asked to have the suit certified as a class action case.

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A press release put out by the plaintiff's attorneys stated that the reason for the suit is that "Experian and CoreLogic sought to deny smaller credit agencies access to Experian's mortgage credit information for "tri-merged" mortgage credit reports. Banks and investors require tri-merged reports to extend credit for home mortgages." The release goes on to say, "Experian "agreed to eliminate up to 87% of CoreLogic's rivals" is exchange for CoreLogic's help to "maintain Experian's monopoly in mortgage credit information ..."

At ACCESS, we've done a number of articles over the years lamenting consolidation within the credit reporting industry. In the early 1980's there were more than 2,000 independent credit bureaus in the United States. These bureaus were non-profit companies that were owned by local merchants, and they were very responsive to consumer inquiries. Anyone who experienced a problem with their credit report could simply setup an appointment with their local credit bureau, walk in, and present them with documents or other information to clear up the issue.

With the advent of cheap computing, consolidation began to occur in the industry. It didn't take long for for-profit companies in the credit reporting business to emerge because people began to realize that the consumer data stored by credit bureaus was tremendously valuable. In the end, only a couple of hundred of the small credit bureaus were able to remain in business and they became largely reliant on the three for-profit consumer reporting agencies (CRAs) that were formed out of the consolidation. Today, those three companies are Experian, Equifax and TransUnion.

The result of the consolidation has not been good for consumers. The CRAs don't maintain local offices for consumer disputes. And resolving an issue can actually take years. In many cases, the only way to actually get a resolution in favor of the consumer is by suing.

Consolidation has also reduced competition within the industry; which is never a good thing from a consumer perspective.

The suit is Credit Bureau Services, Inc. v. Experian Information Solutions, Inc., et al., No. 12-cv-16360 (S.D.Fla., filed July 10, 2012). Plaintiffs are being represented by Rubin PLLC, a Washington, DC based firm that specializes in antitrust suits.

byJim Malmberg
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