CFPB Issues Stern Warning to Companies that Report Consumer Payment Info to Credit Report Agencies

September 4, 2013 - The Consumer Financial Protection Bureau has issued a rather stern warning to any company supplying information which is placed on consumer credit reports: You'd better have a procedure in place to investigate and resolve credit disputes or you will face the wrath of the CFPB.

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As ACCESS has reported on many occasions, 79% of credit reports contain inaccuracies. Of those 25% are significant enough to affect lending decisions by banks and other companies that issue new credit.

Consumers who find out they have erroneous information showing up on their credit report have always had the right to dispute inaccuracies. But resolving such disputes is often a daunting task. Many consumers simply give up.

One of the biggest issues with the current complaint resolution system is that when a consumer files a complaint they often provide supporting documentation. But that documentation virtually never winds up in the hands of the company that placed the information on the consumer's credit report in the first place; a clear violation of the Fair Credit Reporting Act and apparently a large part of the issue that the CFPB is attempting to address.

In the announcement, the CFPB told warned the furnishers of credit information, "The CFPB expects furnishers to have reasonable systems and technology in place to receive and process notices of disputes and information regarding disputes, including relevant documentation, forwarded to them by CRAs. The CFPB also expects every furnisher to review and consider â€œall relevant informationâ€• relating to the dispute, including documents that the CRA includes with the notice of dispute or transmits during the investigation, and the furnisherâ€™s own information with respect to the dispute."

In the very same bulletin, the agency had a similar warning for the credit reporting agencies themselves saying, "The CFPB expects CRAs and furnishers to comply fully with these FCRA requirements, thereby promoting the accuracy and completeness of information in the consumer reporting system." Clearly, the agency is saying that any consumer supplied documentation is to be supplied to credit furnishers and that not doing so is a violation of the law and will bring regulatory action.

The agency is warning credit furnishers that they need to put in place proper systems and review processes to resolve

credit disputes. Not doing so will likely lead to investigation and fines by the CFPB. Given the wording in the bulletin with regard to the CRAs, we expect that such enforcement actions are equally applicable to them.
byJim Malmberg
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