Equal Credit Opportunity Act

Credit is used by millions of consumers to finance an education or a house, remodel a home, or get a small business loan.
The Equal Credit Opportunity Act (ECOA) ensures that all consumers are given an equal chance to obtain credit. This doesnâ€™t mean all consumers who apply for credit get it: Factors such as income, expenses, debt, and credit history are considerations for creditworthiness.
The law protects you when you deal with any creditor who regularly extends credit, including banks, small loan and finance companies, retail and department stores, credit card companies, and credit unions. Anyone involved in granting credit, such as real estate brokers who arrange financing, is covered by the law. Businesses applying for credit also are protected by the law.
When You Apply For Credit, A Creditor May Not...

1. Discourage you from applying because of your sex, marital status, age, race, national origin, or because you receive public assistance income.

2. Ask you to reveal your sex, race, national origin, or religion. A creditor may ask you to voluntarily disclose this information (except for religion) if youâ€™re applying for a real estate loan. This information helps federal agencies enforce anti-discrimination laws. You may be asked about your residence or immigration status.

3. Ask if youâ€™re widowed or divorced. When permitted to ask marital status, a creditor may only use the terms: married, unmarried, or separated.

4. Ask about your marital status if youâ€™re applying for a separate, unsecured account. A creditor may ask you to provide this information if you live in "community property" states: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, and Washington. A creditor in any state may ask for this information if you apply for a joint account or one secured by property.

5. Request information about your spouse, except when your spouse is applying with you; your spouse will be allowed to use the account; you are relying on your spouseâ€™s income or on alimony or child support income from a former spouse; or if you reside in a community property state.

6. Inquire about your plans for having or raising children.

7. Ask if you receive alimony, child support, or separate maintenance payments, unless youâ€™re first told that you donâ€™t have to provide this information if you wonâ€™t rely on these payments to get credit. A creditor may ask if you have to pay alimony, child support, or separate maintenance payments.

When Deciding To Give You Credit, A Creditor May Not...

1. Consider your sex, marital status, race, national origin, or religion.

2. Consider whether you have a telephone listing in your name. A creditor may consider whether you have a phone.

3. Consider the race of people in the neighborhood where you want to buy, refinance or improve a house with borrowed money.

4. Consider your age, unless:

a. youâ€™re too young to sign contracts, generally younger than 18 years of age;

b. youâ€™re 62 or older, and the creditor will favor you because of your age;

c. itâ€™s used to determine the meaning of other factors important to creditworthiness. For example, a creditor could use your age to determine if your income might drop because youâ€™re about to retire;

d. itâ€™s used in a valid scoring system that favors applicants age 62 and older. A credit-scoring system assigns points to answers you provide to credit application questions. For example, your length of employment might be scored differently depending on your age.

When Evaluating Your Income, A Creditor May Not...

1. Refuse to consider public assistance income the same way as other income.

2. Discount income because of your sex or marital status. For example, a creditor cannot count a manâ€™s salary at 100 percent and a womanâ€™s at 75 percent. A creditor may not assume a woman of childbearing age will stop working to raise children.

3. Discount or refuse to consider income because it comes from part-time employment or pension, annuity, or retirement benefits programs.

4. Refuse to consider regular alimony, child support, or separate maintenance payments. A creditor may ask you to prove you have received this income consistently.

You Also Have The Right To...

1. Have credit in your birth name (Mary Smith), your first and your spouseâ€™s last name (Mary Jones), or your first name and a combined last name (Mary Smith-Jones).

2. Get credit without a cosigner, if you meet the creditorâ€™s standards.

3. Have a cosigner other than your husband or wife, if one is necessary.

4. Keep your own accounts after you change your name, marital status, reach a certain age, or retire, unless the creditor has evidence that youâ€™re not willing or able to pay.

5. Know whether your application was accepted or rejected within 30 days of filing a complete application.

6. Know why your application was rejected. The creditor must give you a notice that tells you either the specific reasons for your rejection or your right to learn the reasons if you ask within 60 days.

7. Acceptable reasons include: "Your income was low," or "You havenâ€™t been employed long enough." Unacceptable reasons are: "You didnâ€™t meet our minimum standards," or "You didnâ€™t receive enough points on our credit-scoring system." Indefinite and vague reasons are illegal, so ask the creditor to be specific.

8. Find out why you were offered less favorable terms than you applied forâ€”unless you accept the terms. Ask for details. Examples of less favorable terms include higher finance charges or less money than you requested.

9. Find out why your account was closed or why the terms of the account were made less favorable unless the account was inactive or delinquent.

If You Suspect Discrimination...

* Complain to the creditor. Make it known youâ€™re aware of the law. The creditor may find an error or reverse the decision.

* Check with your state Attorney General to see if the creditor violated state equal credit opportunity laws. Your state may decide to prosecute the creditor.

* Bring a case in federal district court. If you win, you can recover damages, including punative damages. You also can obtain compensation for attorneyâ€™s fees and court costs. An attorney can advise you on how to proceed.

* Join with others and file a class action suit. You may recover punitive damages for the group of up to $500,000 or one percent of the creditorâ€™s net worth, whichever is less.

* Report violations to the appropriate government agency. If youâ€™re denied credit, the creditor must give you the name and address of the agency to contact. While some of these agencies donâ€™t resolve individual complaints, the information you provide helps them decide which companies to investigate. A list of agencies follows.

A Special Note To Women

A good credit historyâ€”a record of how you paid past billsâ€”often is necessary to get credit. Unfortunately, this hurts many married, separated, divorced, and widowed women. There are two common reasons women donâ€™t have credit histories in their own names: they lost their credit histories when they married and changed their names; or creditors reported accounts shared by married couples in the husbandâ€™s name only.
If youâ€™re married, divorced, separated, or widowed, contact your local credit bureau(s) to make sure all relevant information is in a file under your own name.

Where to Go to File a Complaint
If a retail store, department store, small loan and finance company, mortgage company, oil company, public utility, state credit union, government lending program, or travel and expense credit card company is involved, contact:

Consumer Response Center

Federal Trade Commission

Washington, DC 20580.

The FTC cannot intervene in individual disputes, but the information you provide may indicate a pattern of possible law violations that require action by the Commission.
If your complaint concerns a nationally-chartered bank (National or N.A. will be part of the name), write to:

Comptroller of the Currency

Compliance Management

Mail Stop 7-5

Washington, DC 20219

If your complaint concerns a state-chartered bank that is insured by the Federal Deposit Insurance Corporation but is not a member of the Federal Reserve System, write to:

Federal Deposit Insurance Corporation

Consumer Affairs Division

Washington, DC 20429

If your complaint concerns a federally-chartered or federally-insured savings and loan association, write to:

Office of Thrift Supervision

Consumer Affairs Program

Washington, DC 20552

If your complaint concerns a federally-chartered credit union, write to:

National Credit Union Administration

Consumer Affairs Division

Washington, DC 20456

Complaints against all kinds of creditors can be referred to:

Department of Justice

Civil Rights Division

Washington, DC 20530

For More Information

The FTC works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a complaint or to get free information on consumer issues, visit www.ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.
Source: FTC