

FTC Seeking Comments on Amendment to Free Credit Report Rules – An ACCESS Call to Action

The Federal Trade Commission is seeking comments from the public on proposed changes to the rules that allow consumers to get free copies of their credit reports on an annual basis. The changes would make it much more difficult for companies to deceptively advertise that they give away free credit reports when, in fact, they actually require you to enroll in paid services to gain access to those reports. ACCESS strongly encourages all of our registered users to participate in this process.

Background Information

For several years, consumers have been subjected to nonstop advertising for services that supposedly provide free copies of their credit reports to them. The most widely known of these sites is well known for using catchy jingles and using the word “free” in the name of their service and their website; FreeCreditReport.com. But the service specifically requires the consumers who use it to enroll in a program that is paid.

Because of consumer complaints, several years ago the Congress gave consumers the right to get free copies of each of their credit reports annually. This service, known as AnnualCreditReport.com, is the only government authorized source for credit reports that are actually free. Note: We are not linking to AnnualCreditReport.com because the site has an extremely weak privacy policy. Consumers wishing to use the service should call them at 877-322-8228. The privacy policy for consumers that call in is very strong.

Even after the launch of AnnualCreditReport.com, consumers continued to be bombarded with deceptive advertising for so-called free credit reporting services. The Credit Card Act of 2009 requires the FTC to issue a rule change that would make advertising for free credit reports less confusing to consumers.

Proposed Rule Changes

Although the FTC is required by law to make a rule change, the agency has some leeway in what the final rules will look like. Therefore, it is important for them to get as much consumer feedback as possible. The changes that the agency is considering include forcing websites to include a separate landing disclosure page that reads: “This is not the free credit report provided for by Federal law. To get your free report, visit www.AnnualCreditReport.com or call 877-322-8228.”

Additionally, the rules would require prominent disclosure in all forms of advertising: TV, print and radio.

The FTC has based much of the proposed rules on Pay Per Call rules used in the telecommunications industry. These rules are, for the most part, well written and give consumers significant rights. Unfortunately, the credit report rule differs from Pay Per Call rules in one important respect. Under Pay Per Call rules, telecommunications providers are not allowed to use the word “free” if the charges incurred by the consumer are larger than the cost of a first class postage stamp. Under the proposed credit report rule, there is nothing to prevent websites from continuing to use the word “free” either in their name or in the description of their service.

Our Position

ACCESS supports the proposed changes to advertising standards for so-called “free” credit reporting services, but we do not think that they go far enough. There are three areas that we believe that could be improved upon.

First, unless the service is truly “free”, it should not be able to use that word either in its name or in describing the service provides. Nor should “free” be used if the so-called free service is tied to the purchase of another service that is not free.

Second, in all television advertising for free credit reporting we would like to see that the same disclosure being considered for websites remains on the TV screen for the entire duration of the advertisement. This disclosure would have to be in a type face that was legible to a person with 20/20 vision on a 19 inch TV screen from a distance of 10 feet. While this may seem rather specific, it is the only way to prevent companies from reducing the print size to the point that you would need a microscope to read it.

Third, that credit card companies be forced to refund any charges associated with services ordered in conjunction with so-called free credit reporting services. These refunds would be issued without question as soon as requested by the consumer. This is consistent with the FTC’s Pay Per Call rules for 900 Service which requires telephone companies to issue credits for 900 Service calls upon consumer request.

We strongly believe that our readers should provide comments directly to the FTC. You can do so by visiting their

comment website at <http://public.commentworks.com/ftc/FreeCreditReportNPRM/>.

If you would like to read the 51 pages of proposed rule changes in their entirety, you can do so at <http://www.ftc.gov/os/2009/10/R411005freeannualfile.pdf>.

Note: When posting a comment, please sign-in first if you want a response. If you are not registered, [click here](#). Registration is easy and free.

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