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Your Rights at the Credit Bureau

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John Doe received a letter informing him his request for a credit card from a national corporation had been denied. He couldn't understand why. His bills were paid, and he had no large outstanding loans. If he considered himself a good risk, why didn't the company?

He noticed the letter mentioned his credit report had been compiled by the local credit bureau. He went there and, to his surprise, discovered they had a file on him.

The file reported that a few months ago, he had failed to pay \$70 of an account with another credit card company. The reason for this was an error in the billing by the creditor, and, after several weeks of communication, the error was resolved. However, the resolution of this dispute did not appear on John Doe's credit report.

Under the provisions of the Fair Credit Reporting Act of 1971, Doe was able to correct this information and eventually receive his credit card.

This act gives every consumer the right to protect his or her credit report from inaccurate, obsolete or incomplete information. However, consumers must take the initiative in exercising this right and many times start the wheels of action rolling themselves.

To be able to do this, you should understand exactly what credit bureaus do and what your rights as a consumer are.

What credit bureaus are

A credit bureau is a reporting agency that maintains credit records on individuals in the community who have ever used or applied for credit. This information is reported to subscribing credit grantors when consumers apply for credit.

Credit bureaus do not make the decision to extend credit to a consumer. Nor do they make any judgments as to who a good or bad risk. Credit bureaus compile information and make it available to creditors. The creditor makes the final decision based on his or her standards and the credit history contained in the file.

How the information is gathered

Credit bureaus compile information from several sources.

- Much of the information in a consumer's file about his or her financial situation is supplied by the consumer. This information comes from the application forms filled out by the consumer and submitted to creditors. Copies of this information usually go to the credit bureau.
- The same businesses that use the bureaus' services also supply information to them. Local stores and banks inform the credit bureau of the repayment records of their customers. Many businesses that use computers send their accounts receivable tapes to the credit bureau, and data from the tapes is placed in individuals' files.
- Other information contained in credit files comes from public records. Records that may relate to an individual's credit history, such as bankruptcies, lawsuits, divorce, deaths in the family and so on are recorded in the file.

Who uses the information

Anyone with a legitimate business reason, as determined by the credit bureau, can purchase the information contained in a personal file. Usually the information is sought by potential creditors. Because the people who use this information are likely to offer desirable services, it is important that the information contained in the personal files be accurate and as up-to-date as possible.

Consumer rights

Anyone who has been denied credit because of information furnished by a credit bureau must be given the name and address of that credit bureau by the user of the report. Upon request of the consumer and with proper identification, the credit bureau must tell what information it has and how the information was gathered. The credit bureau does not have to show the actual file; however, many do. The consumer has the right to be accompanied by another person when reviewing his or her file.

The bureau must disclose any companies that have received records in the last six months and any prospective employers who were sent information in the last two years.

As additional protection, by law, any adverse information (except notice of bankruptcy) must be removed after seven years. Bankruptcies cannot be reported after ten years.

If the consumer believes any information in his file is incorrect or incomplete, the credit bureau must reinvestigate the challenged information within a reasonable period of time. If the original information was wrong, or if it cannot be verified, the bureau must send corrections to any firm that received the file in the past six months. The corrections must be permanently entered into the file and the inaccurate information removed.

If, however, the investigation proves unsatisfactory and the bureau will not change the report, consumers have an additional right. A 100-word statement may be written giving the individual's side of the story. This statement must be permanently attached to the record. If the person desires, the credit bureau must send this statement to everyone who has recently received the file.

Credit bureau fees

A consumer may investigate his or her file at any time if so desired. The credit bureau may charge a fee for this unless the consumer has been denied credit because of the report. If credit has been denied, the consumer has 30 days to check his or her file free of charge.

If an error is found, the credit bureau must do everything to correct a false report. The bureau must also send out correction notices free of charge to firms or agencies specified by the consumer as having previously received the incorrect or incomplete information.

Your responsibilities as a consumer

It is vital to remember that the information contained in a credit file is extremely important to your financial reputation. Others will make judgments as to your credit worthiness according to that information. If the file is inaccurate, it is the consumer's responsibility to ensure that corrections are made and reported. The credit bureau will not do this unless requested. Be sure of your consumer rights:

- The right to know what information is contained in your file at the credit bureau.
- The right to know how the information was obtained.
- The right to know who has received your file within a specified time period.
- The right to challenge inaccurate reports.
- The right to add a written statement to disputed reports.
- The right to request that the bureau send corrected records to all who had previously received your file.
- The right to receive free services to correct any misinformation in your credit file after you have been denied credit because of that information.

Credit bureaus say that you make your own record. Be sure your record is accurate, complete and current.

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