



Consumer Data Industry Association
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January 23, 2020

The Honorable Steny H. Hoyer, Majority Leader
The Honorable Kevin McCarthy, Republican Leader
United States House of Representatives
Washington, DC 20515

Dear Leader Hoyer and Leader McCarthy:

On behalf of the Consumer Data Industry Association (CDIA), I want to share our opposition to H.R. 3621, the "Comprehensive CREDIT Act of 2020." This approximately 200-page bill would impose new costs to consumers and the economy and negatively impact credit underwriting standards required for prudent lending practices. We request that House Members vote no when the bill is considered.

Not only does this legislation make extensive and complicated changes to the consumer reporting industry and the rights and obligations established under the Fair Credit Reporting Act (FCRA), it will raise costs throughout the entire credit ecosystem including for banks, credit unions, auto and mortgage lenders, property owners, employees, employers and others. In previous instances when Congress considered major FCRA changes, extensive hearings were held in the House and Senate with multiple stakeholders, resulting in legislation that was supported by bi-partisan Congressional majorities. This legislation, however, was taken up by the Committee on Financial Services after only a single hearing last February. Given the complexity of this bill, we believe proceeding without additional scrutiny is a mistake.

This bill also fails to recognize that major improvements have been made in the consumer reporting ecosystem over the last decade. In 2010, the Dodd-Frank Act established the Consumer Financial Protection Bureau (CFPB) and gave it authority over much of the consumer reporting system. Since then, multiple changes have been adopted increasing consumer report accuracy and improving the consumer dispute process.

The legislation to be considered was passed by the Committee on Financial Services as six distinct bills, now embodied as titles of H.R. 3621. We have shared more extensive comments on this massive new bill with the Committee, but our central concerns are outlined here:

- H.R. 3621, the *Student Borrower Credit Improvement Act*, would diminish the accuracy of credit reports by facilitating the removal of accurate adverse action related to private student loans. This bill would pass without any assessment of the impact this would have on the cost and availability of consumer credit;

- H.R. 3629, the *Clarity in Credit Score Formation Act*, would substitute the judgement of the CFPB for that of the lender in determining what factors should be used in a credit score, thereby interfering in lenders' risk management decisions;
- H.R. 3614, the *Restricting Use of Credit Checks for Employment Decisions Act*, would prohibit private employers from using a reliable and accurate source of data when hiring new employees, potentially putting current employees and company assets at risk. This is especially important where employees are entrusted with fiduciary responsibilities or sensitive data. This would only apply to the private sector – not the government;
- H.R. 3618, the *Free Credit Scores for Consumers Act*, unfairly requires only nationwide credit bureaus to give credit scores away for free, putting them at a disadvantage in a currently competitive marketplace that already distributes billions of free credit scores annually to consumers;
- H.R. 3622, the *Restoring Unfairly Impaired Credit and Protecting Consumers Act*, would shorten the amount of time accurate, though derogatory, information stays on a credit file, providing lenders with less information by which to make safe and sound credit decisions. It would also expose creditors and other credit report users to new class action litigation. There has been no assessment of the impact this would have on the cost and availability of consumer credit; and
- H.R. 3642, the *Improving Credit Reporting for All Consumers Act*, would be a boon to unscrupulous credit repair companies by changing the consumer dispute resolution process for CRAs and data furnishers, providing incentives for these businesses to manipulate credit file accuracy. It would create new injunctive relief against users of credit reports, data furnishers and CRAs.

We believe that the bills to be considered are deeply flawed and would result in the reduction of availability and affordability of consumer credit and other financial services and products. Furthermore, we believe that a more deliberative process would have resulted in legislation that would benefit consumers and the economy. We urge Members of the House to reject this legislation and to work with us to address issues in the consumer reporting industry that will assist consumers and the economy, such as helping consumers with little credit history access the regulated financial services industry and taking action against companies who take advantage of consumers by manipulating the credit dispute process.

Sincerely,



Francis Creighton
President & CEO