

U.S. House Financial Services Committee hearing with CFPB Director Rohit Chopra

[Consumers First: Semi-Annual Report of the Consumer Financial Protection Bureau](#)

Director Chopra’s [written statement](#) • [Committee memorandum](#) • [video](#)

Questions: Reps. Joyce Beatty (D-OH), Ralph Norman (R-SC), Alma Adams (D-NC), Foster (D-IL), Ayanna Pressley (D-MA), Rashida Tlaib (D-MI), Bryan Steil (R-WI), Jesús “Chuy” García (D-IL)

Issue	Member	Comments
Human trafficking	Committee memo	New rules for CRAs.
Preemption	Committee memo	CFPB interpretive rule issued
Accuracy	Committee memo	CFPB issued A.O. on facially false data
	Foster to Chopra	“So, do you believe that Equifax and the -- and the reporting agencies, in general, have appropriate procedures and controls in place to ensure the maximum possible accuracy? And what is the standard to prevent instances like [a plaintiff suing Equifax over credit scores]?”
	Chopra to Foster	The law is “very clear in the statute, reasonable procedures to assure maximum possible accuracy. I can commit to you that where we find that we will, in our supervision and our examination and enforcement, take that very seriously.”
	Chopra to Foster	“we need to use accuracy as our lodestar.”
	Tlaib to Chopra	“do you think Equifax had the appropriate procedures and controls in place to ensure accuracy?.. these are three (inaudible) of monopoly, right? These are three major agencies that control whether or not my residents not only survive, but thrive.”
Consumer complaints	Committee memo	“overall, more than 60% of all complaints submitted by servicemembers were related to credit or consumer reporting and debt collection.”
	Beatty to Chopra	73% of complaints to the Bureau are on credit reporting. Free Credit Scores and Consumer Act will reform the system
	Foster to Chopra	“... over 70% of all consumer complaints, filed with the CFPB, relate to credit reporting.”

Social credit scores	Chopra to Beatty	“I'm worried that we're shifting to a more social scoring environment that really you only see in places like China and other similar jurisdictions. So, I think we want to avoid that kind of backdoor, backroom data collection on all of us and really understand what are the big tech firms doing and these data brokers with our data?”
Medical debt	Waters statement	“CFPB has also put pressure on the Credit Bureaus to make overdue policy changes to relieve the burden of medical debt on consumer credit report...”
	Chopra to Pressley	<p>We have “seen how [the impact of medical debt in] employment background checks and background reporting has a huge impact on people.”</p> <p>If a credit score includes medical debt, and that medical debt is inaccurate, it would have a big impact on a consumer. “And it's a huge problem. It's one of the reasons the CFPB has focused a lot on medical debt, especially credit reporting, and the huge amount of inaccuracies and the impact on people's lives...”</p>
	Pressley to Chopra	“roughly 20 percent of the American public people with medical debt are disproportionately representing marginalized communities are struggling with their health issues. But on top of that, they are further inflicted with lower credit scores, resulting in financial hardship. And that is an injustice.”
	Pressley to Chopra	“I'm so pleased that following the CFPB's report, Equifax, TransUnion, and Experian announced they would make policy changes that would remove 70 percent of medical bills from credit reports. This is really welcome news. But I'm still concerned about the 30 percent of medical bills that won't be removed, and the impact that this will have on low-income consumers in my district.”
	Chopra to Pressley	<p>We “are certainly considering rulemaking under the Fair Credit Reporting Act to address the issue of medical debt, I'm really worried that credit reports can be used as a tool of coercion into having people pay debt they already paid, or that they really never owed in the first place.”</p> <p>You know, I think I see this as a privacy issue to being able to slander someone and basically say they haven't paid something that they may not have</p>

	Chopra to Norman	We are not rewriting contract law. Medical debt is credit reporting. "I really want to make sure that medical providers can get paid, but that debt collectors are not using the credit report and putting inaccurate information on it in ways when a person might have already paid it."
Why pick on certain debts (medical, student) and not others	Chopra to Norman	<p>"accuracy is the standard that is put forth in the Fair Credit Reporting Act. So when you are putting any information on any background screening or credit report, you know, there's the obligations to make sure that it's correct."</p> <p>"You know, we don't want data brokers and credit reports to be a tool of extortion. We want it to make sure that people are getting the right accurate information about their performance or non-performance. And you really worry when there's lots of inaccuracies, and we see it all the time."</p>
GOP requests to CFPB	McHenry opening	"CFPB's lack of transparency is of grave concern. Over the last year committed Republicans sent more than 10 letters with specific questions we wanted answered to which you replied with single page responses. It looked glib and not as thoughtful as a major regulatory agency should take congressional oversight. Republicans sent more than 10 letters with specific questions we wanted answered to which you replied with single-page responses. It looked glib and not as thoughtful as a major regulatory agency should take congressional oversight."
Credit reporting as a tool for coercion	Chopra to Pressley	"...I'm really worried that credit reports can be used as a tool of coercion into having people pay debt they already paid, or that they really never owed in the first place."

Privacy	Chopra opening	<p>“Congress should strengthen financial privacy protections.”</p> <p>“I hope you'll consider updating the Gramm-Leach-Bliley Act to provide limitations on the collection, use, and sharing of extremely sensitive personal financial data.”</p>
“Big tech”	Copra to Sessions	Big tech has “enormous power to elevate or suppress some users over others. I think that’s very scary.”
“Big data”, Dossiers, Data brokers	Chopra to Beatty	“it's not just the three major credit reporting conglomerates. We now have more big tech firms, data brokers and others that are developing scores and background dossiers on all of us. And I think this raises some real questions about what are we going to do to protect privacy, data sharing and also all of the decisions that are being made about us in these dossiers.”
	Chopra to Norman	“You know, we don't want data brokers and credit reports to be a tool of extortion. We want it to make sure that people are getting the right accurate information about their performance or non-performance. And you really worry when there's lots of inaccuracies, and we see it all the time.”
	Chopra to Foster	“I would welcome working with all of you on how we continue to make address the modern problems of credit reporting, especially with big tech broker -- data brokers and others.”
	Chopra to Tlaib	“...it's not just the three credit reporting companies, but also increasingly other tech data firms have enormous power over all of us. And that's why we need laws to be enforced to make sure that consumer rights are protected.”
	Chopra to Garcia	<p>“Obviously, the Equifax data breach had a huge impact on peoples' confidence in certain circumstances, to put -- to -- to say "where is my data even being held? How is it being secured?”</p> <p>I think we need to work on whether there's ways to meaningfully limit the types of information that financial firms are collecting about our most sensitive information and make sure that there's not an underworld of our financial data where essentially our sensitive information is bought and sold.</p>
Tone/messaging	Chopra to Beatty	“three major credit reporting <i>conglomerates</i> ” (emphasis added).
	Chopra to Foster	“I will say, of course, the three credit reporting conglomerates have a lot of impact on all Americans and their ability to get credit when you have an error...”

	Steil/Chopra	<p>STEIL: “you refer to the credit bureaus as a cartel? Is that...</p> <p>CHOPRA: No, I did not. What I said there was that the way in which they made a decision was not what you would see in other sectors, they came together and made a uniform business decision, that actually concerned a number of people because it's not the sign of a competitive market, it was not done in a way most -- if banks got together and do that, that would raise some serious questions. So, I do worry that those three players...</p> <p>STEIL: So, you think it was an accurate description to call those three players (inaudible)?</p> <p>CHOPRA: I didn't call them that, I said they were acting in that manner.</p> <p>STEIL: They were acting like a cartel but not a cartel?</p> <p>CHOPRA: I take your feedback about thinking about language. And I guess I would say that it is important to balance both precision and understandability. People need to understand what their government is doing when we just speak in jargon, and just speak in citations of code, they don't understand. And in fact, it's businesses that also want, its consumers that want it. So, it's our job to be able to convey what we are doing and, in some cases, to be able to say when conduct is unlawful and egregious, and that's what we do sometimes.</p> <p>STEIL: Yes. I think is we look back at that previous ombudsman review. I think it might be good practice that people review some of the comments, because flippant remarks or descriptive language that is not actually held in statute. The reason people speak in jargon is in particular in the financial space, I think it's important for people to understand where you're coming down and any rule regulation, because the power invested in you by previous congresses, by previous Congress is not this Congress is incredibly significant. This Congress doesn't hold authority over the appropriations process, which I think it should doesn't matter whether or not you think it should, because you don't need to respond to the appropriations process. You don't even need to comment on it. So previous Congresses have bound this Congress and the operations of the CFPB.</p> <p>And so, I would flag to you that the word choice you're using with the power that you have, is quite significant, not only in the markets, but to consumers to individuals that are dependent upon you doing your job well.</p>
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Background checks, tenant screening, employment screening	Chopra to Beatty	<p>“We will continue to use our Fair Credit Reporting Act authorities as we do in background screening - we see a whole ecosystem of this...”</p> <p>“Accuracy and disputes is a core issue when people have background reports, they're sometimes falsely matched to a criminal record or falsely accused of something. This is something that (inaudible)...”</p> <p>Background reporting is where we can all work together.</p>
	Chopra to Foster	<p>“We've seen situations where background reports and credit reports have actually blocked people from getting an apartment or a job because they're falsely matched with someone else. We've seen how it leads to much higher cost of credit where there's a material error, and the list goes on and on.”</p>
	Chopra to Foster	<p>“I've been part of a number of enforcement actions involving tenant screening where that provision has not been followed.”</p>
	Chopra to Pressley	<p>We have “seen how [the impact of medical debt in] employment background checks and background reporting has a huge impact on people.”</p>
	Garcia to Chopra	<p>Rep.-elect Maxwell Frost denied an apartment for poor credit. “Tenant background checks make it harder for thousands of families to find housing. Finding housing is especially tough for people who have been evicted in the past and for people who have had criminal convictions.”</p>

	Chopra to Garcia	<p>“Thank you so much. You know, tenant screening reports are covered by the Fair Credit Reporting Act, and they must have reasonable procedures to assure maximum possible accuracy. And one of the problems we're seeing is that people are being falsely matched with someone who is not them and it is disqualifying them from obtaining rental housing in the location or neighborhood of their choice.</p> <p>I think we have to be really careful when it comes to tenant screening and employment screening. If they're not accurate, we'll be in a system where some people are systematically unable to get a job or an apartment. That has huge impacts on their life.</p> <p>And so as the Congress is working on data privacy, credit reporting, I hope we can think about tenant screening and employment background screening to ensure that they are fair and accurate.</p>
Debts, in general	Chopra to Adams	“Sometimes things are put on the credit report that are outright false in order to induce people to pay.”
FCRA rulemaking	Chopra to Garcia	“we are considering whether to launch additional rule-making on the Fair Credit Reporting Act. I think the -- a lot of focus is on the three credit reporting conglomerates -- and that's true, they impact everyone -- but as more data brokers and background screeners and Big Tech companies are forming these dossiers about us, we need to make sure that peoples' rights under the law are being respected.”
Equifax and credit scores	Foster to Chopra	WSJ “reported that Equifax provided incorrect credit scores for potentially millions of customers applying for credit, including home credit cards and auto loans.” Then came lawsuits.
	Chopra to Foster	I cannot comment on the EFX and scoring matter. But, “I will say, of course, the three credit reporting conglomerates have a lot of impact on all Americans and their ability to get credit when you have an error...”
	Tlaib to Chopra	“Equifax made a big mistake, and I think it was off by 130 points. Because of that she was denied and then allegedly forced to buy a car from a different dealership. And do you note, she now pays about I think 2,000 or more per year than she would have if she caught.”

Equifax data breach	Chopra to Tlaib	“The Equifax data breach was really an egregious violation of law. We are concentrating on actors that cause widespread harm, we're not focused on little players, and the extent to which that the market mechanism doesn't work.”
	Chopra to Garcia	“Obviously, the Equifax data breach had a huge impact on peoples' confidence in certain circumstances, to put -- to -- to say "where is my data even being held? How is it being secured?”
Credit scoring	Foster to Chopra	“we often hear back from the credit reporting agencies that although some credit scores and reports may get reported inaccurately, that they virtually never affect -- adversely affect a consumer before they're corrected. “We've seen situations where...credit reports have actually blocked people from getting an apartment or a job because they're falsely matched with someone else. We've seen how it leads to much higher cost of credit where there's a material error, and the list goes on and on.”
	Foster to Chopra	“Do you believe it was set the correct balance and regulatory actions to make sure that we minimize consumer suffering from bad credit score information?”
Oligopoly, monopoly, consumer choice, no choice	Chopra to Foster	“Consumers are not the customer of these companies, they're the product. And so, so much about their life can be dictated by what is in those reports. And we need to use accuracy as our lodestar.”
	Chopra to Foster	“I think this is a classic example of a market failure where the consumer reporting companies don't have a market mechanism for them to make sure they obtain the highest levels of accuracy. And that's why Congress has made the decision in 1970 to have the Fair Credit Reporting Act. And I would welcome working with all of you on how we continue to make address the modern problems of credit reporting, especially with big tech broker -- data brokers and others.
	Chopra to Tlaib	“Again, consumers don't choose Equifax, Experian, TransUnion...”

	Tlaib to Chopra	“I mean, they are controlling whether or not somebody becomes a homeowner, to get a car to go to work. I mean, so much more, even families that tell me to have to get loans out to send their kids to college, all of its impacted, you know, and if they’re not accurate, these are three (inaudible) of monopoly, right? These are three major agencies that control whether or not my residents not only survive, but thrive.”
	Chopra to Steil	See above on tone, messaging
Credit reporting system	Pressley to Chopra	“our credit reporting system is a broken one.”