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December 6, 2019

The Honorable Josh Gottheimer
213 Cannon House Office Building
United States House of Representatives
Washington, DC 20515

Dear Representative Gottheimer:

The Committee on Financial Services will consider the Protecting Your Credit Score Act of 2019 next week. We very much appreciate your willingness to work together to come to a version of the bill that would be acceptable for all stakeholders and we share your disappointment that we were not able to come to agreement.

We believe that this bill will have negative impacts on the American consumer. Section 4 of the bill, for example, will lead to higher costs of credit for the overall market, and specifically for consumers who pay their bills on time every month. It would allow consumers who have not paid their bills on time to continue disputing information, even if the account is verified as accurate. The result will be that accurate, though negative, information will be excluded from credit scores, making them less valuable.

Over the last decade, the Committee on Financial Services, during both Democratic and Republican majorities, prioritized the “ability to repay” as the most important part of underwriting a financial product, to fight predatory lending and ensure that consumers are not able to borrow more than they can afford. This bill will make it harder for lenders to determine whether a consumer has the ability to take on additional debt, increase loan losses and ultimately result in higher prices, especially for those who previously received the best prices on loan products after a life time of on-time payments.

Consumers across the country are already being taken advantage of by predatory credit repair companies, who often charge consumers over \$1,000 to dispute accurate information with CRAs and lenders, file complaints on the Consumer Financial Protection Bureau portal, and claim identity theft, all in an effort to “fix” their credit. Consumers often do not know the tactics that these companies are using or that any “repair” achieved is likely to be short-lived. This bill will only make the problem with predatory credit repair companies worse.

This bill would also introduce new threats to consumers’ information security. Section 6 would require CRAs to mail a credit report to a consumer every time an adverse action occurs in a credit transaction. If, for example, a consumer applies for a mortgage and receives a rate higher than the lowest possible rate due to the consumer’s higher credit utilization rate, then

each credit bureau would have to physically mail a report to the consumer, whether the consumer requested it or not. And, if the consumer applied to several mortgage companies, the CRAs would have to mail the report to the consumer's last known address each time. This would bury the consumer in paper and create data security issues as thousands of credit reports would be sent by mail to people who didn't ask for them, don't want them, and/or don't need them. Consumers today have the right to receive a free disclosure when there is an adverse action. They are informed of that right when an adverse action occurs, and the process to acquire their disclosure is simple.

Section 2 of the bill could also harm consumers' personal physical security. This section includes language giving consumers new rights to opt out of sales of non-credit report information. The identity information that also appears in a credit report is critical for companies that need to confirm identity, alternate names, and previous addresses, such as criminal-background screeners. The effect of this provision would be to allow someone to hide their relevant criminal history from employers, volunteer agencies or other users of criminal history reports. For example, someone convicted of elder or child abuse could simply move to a new jurisdiction, opt out of non-credit report sales and apply for jobs with nursing homes or child-care centers. Today, when someone like this applies for a job and discloses neither their old address nor the criminal conviction, the background screener would purchase an address history from a credit bureau to identify jurisdictions in which to search for records. While this method is not fool proof, it is the industry standard and results in detection rates comparable to fingerprinting by the FBI. Without it, employers, volunteer agencies, youth sports leagues and other legitimate users of background screening would be at the mercy of any convicted criminal who is willing to lie on an application.

The addition of a new "consumer portal," also in Section 2, would create an unnecessary new government-mandated website for consumers when existing options for consumers already exist. Consumers currently can visit any of the websites of the nationwide CRAs and file a dispute, set a security freeze and exercise other rights that are guaranteed by the Fair Credit Reporting Act. This provision is unnecessary and could create additional data security issues.

Consumers who pay their bills on time would also be the ones most impacted by the bill's requirement for full 9-digit Social Security Number (SSN) matching. By denying CRAs the ability to anticipate and fix transcription errors, consumers could end up having multiple fragmentary credit reports, each one tied to a given SSN. Then, when applying for new credit, a lender will not be able to see the full picture of the individual, meaning that the consumer who has paid their bills on time every month won't receive the benefit accrued during their many years of hard work. And some consumers will find strangers' files associated with their SSN, complicating the lending process. The Consumer Financial Protection Bureau supervises and examines the nationwide CRAs and has not raised this issue as a concern; this section of the bill will harm, not help, consumers.

Again, thank you for the spirit of cooperation you undertook in crafting this bill. While this letter is not a comprehensive report of every section of your bill, we hope that the discussion

herein highlights why we were not able to come to agreement. Your willingness to seriously consider our concerns and to offer solutions in a collaborative and deliberate fashion illustrates the seriousness with which you approached this process. We hope to continue our dialogue as the bill moves through Committee and on other matters in the future.

Sincerely,



Francis Creighton
President & CEO

cc: The Honorable Maxine Waters, Chairwoman, Committee on Financial Services
The Honorable Patrick McHenry, Ranking Member, Committee on Financial Services