

InfoSight Newsletter

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League InfoSight Highlights:

Fair Credit Reporting Act Responsibilities

I've written several articles these past few years showing the string of events and the history of guidance and bulletins coming out of the CFPB leading to proposed rulemaking. In this article, I want to highlight the emphasis over the past two years (I'm starting with 2022 because there seems to be a recent uptick, but publications have been coming out of the CFPB since 2012) on the Fair Credit Reporting Act (FCRA).

This week the CFPB once again identified some trends in their latest edition of [Supervisory Highlights](#) specifically related to accuracy problems in the credit report system. Although this report highlights the inaccuracies and noncompliance found with both furnishers' processes and the credit reporting companies' processes, the issues identified are similar. There continues to be issues with the accuracy of information being reported, inadequate or non-existent dispute investigations, and deficiencies with identify theft requirements. Below are a few examples identified in the report:

- Furnishers continued to report fraudulent accounts to credit reporting companies (CRCs) for several years after determining accounts were fraudulent. Even for accounts closed for fraudulent purposes, information was provided showing accounts were valid. There was also a failure to instruct the CRCs to delete the accounts after determining the account was fraudulent.
- Furnishers who received direct disputes from consumers were continuing to furnish the disputed information to CRCs without notifying the CRCs that the information was subject to dispute.
- Failure of furnishers to conduct a reasonable investigation of direct disputes.
- Furnishers providing information to CRCs in cases where consumers submitted an identity theft report stating that the information

maintained by the furnisher was the result of identity theft, yet furnishers continued to provide that information identified in the report before knowing or being informed by the consumer that the information was correct.

Just last month, the CFPB wrote a [blog](#) on consumer reporting companies having an obligation to correct errors.

While not all the communications coming out of the CFPB are directed at furnishers (many are related to credit reporting agencies), the emphasis on the law/regulation is evident. Here a few publications to review and consider:

- November 1, 2021 – [Advisory Opinion](#) on consumer reporting agencies' matching practices.
- July 5, 2022 – [Final Rule](#) effective prohibiting consumer reporting agencies from furnishing a consumer report containing adverse item(s) of information that resulted from certain types of human trafficking.
- July 7, 2022 - [Advisory Opinion](#) on the permissible purposes for furnishing, using, and obtaining consumer reports.
- July 11, 2022 – [Interpretive Rule](#) on FCRA's limited preemption of state laws.
- October 20, 2022 - [Advisory Opinion](#) on fair credit reporting and facially false data.
- November 10, 2022 – [CFPB Circular](#) – Reasonable investigation of consumer reporting disputes.
- January 11, 2024 – [Advisory Opinion](#) on fair credit reporting and file disclosure.
- January 11, 2024 – [Advisory Opinion](#) on fair credit reporting and background screening.
- March 29, 2024 – [Blog](#) on consumer reporting companies having an obligation to correct errors.

With all that in mind, it's a good time to review your policies and procedures regarding the FCRA. CU PolicyPro model policies are also being reviewed and updates will be forthcoming in the next release. InfoSight also contains links and resources that might be helpful to provide to your credit union, so everyone is knowledgeable on the requirements of FCRA and its implementing Regulation V, especially related to credit reporting!

Glory LeDu,
CEO, League InfoSight and CU Risk Intelligence

Observance and Celebration!



**April is Autism
Acceptance Month**
At League InfoSight, we
honor diversity and
inclusion and embrace
everyone's unique abilities!

News and Alerts!

CFPB Finds Violations of Credit Report Accuracy Requirements, Including for Survivors of Human Trafficking

The Consumer Financial Protection Bureau (CFPB) published an edition of [Supervisory Highlights](#) to share key findings from recent examinations about continuing accuracy problems in the credit reporting system. The CFPB found consumer reporting companies failed to ensure the accuracy of credit reports, including by failing to exclude information resulting from alleged identity theft or human trafficking. The CFPB also found furnishers – companies that provide information to consumer reporting companies – failed to correct false or fraudulent information sent to consumer reporting companies.

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CFPB Finds Americans are Paying Upfront Fees Seeking to Lower Interest Rates on Mortgages

The Consumer Financial Protection Bureau (CFPB) issued a new report today finding that more borrowers paid “discount points” upfront as overall interest rates rose. The percentage of homebuyers paying discount points roughly doubled from 2021 to 2023. The increase was even greater among borrowers with lower credit scores. While discount points may provide advantages to some borrowers,

the financial tradeoffs are complex. The CFPB is monitoring these increases and potential risks to consumers.

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Nacha Blog: Fighting Credit-Push Fraud

Not long ago, credit-push fraud wasn't something you heard payments professionals discussing. That it quickly became part of today's lexicon shows the importance of keeping our risk management strategies current. A slate of recently approved Nacha Operating Rules will do just that.

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NCUA/MyCreditUnion.gov - April is National Financial Capability Month

Originally designated as National Financial Literacy Month in 2004, this observance has evolved to focus on financial literacy and ensure that Americans have access to unbiased and trustworthy financial education and understanding of financial services and products. This observance also includes raising awareness of consumer protection laws as well as consumer education, helping Americans recognize, avoid, and report frauds and scams.

Under the Federal Credit Union Act, promoting financial literacy is a core credit union mission. While credit unions serve the needs of their members and promote financial literacy within their communities, the NCUA works to reinforce credit union efforts, raise consumer awareness, and increase access to credit union services. The NCUA also participates in national financial literacy initiatives, including the [Financial Literacy and Education Commission](#), an interagency group created by Congress to improve the nation's financial literacy and education.

[Read More](#)

FINDING A UNICORN IS PRETTY RARE.

SO IS FINDING STATE-SPECIFIC
COMPLIANCE CONTENT.



Inf  **Sight** HAS STATE-SPECIFIC
INFORMATION FOR ALL 50 STATES.

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