

Newsroom

# CFPB Addresses Inaccurate Background Check Reports and Sloppy Credit File Sharing Practices

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False, incomplete, and old information must not appear in background check reports, and a person’s complete consumer file must be provided to them upon request

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WASHINGTON, D.C. - Today, the Consumer Financial Protection Bureau (CFPB) issued guidance to consumer reporting companies to address inaccurate background check reports, as well as sloppy credit file sharing practices. The two advisory opinions seek to ensure that the consumer reporting system produces accurate and reliable information and does not keep people from accessing their personal data. First, an advisory opinion on background check reports highlights that those reports must be complete, accurate, and free of information that is duplicative, outdated, expunged, sealed, or otherwise legally restricted from public access. Second, an advisory opinion on file disclosure highlights that people are entitled to receive all information contained in their consumer file at the time they request it, along with the source or sources of the information contained within, including both the original and any intermediary or vendor source.

“Background check and other consumer reporting companies do not get to create flawed reputational dossiers that are then hidden from consumer view,” said CFPB Director Rohit Chopra. “Background check reports, and all other consumer reports, must be accurate, up to date, and available to the people that the reports are about.”

## Background Check Reports

Background checks are often critical factors when landlords and employers make rental and employment determinations. The information in the reports can cover a person’s credit history, rental history, employment, salary, professional licenses, criminal arrests and convictions, and driving records. However, as documented in earlier CFPB research on tenant screening, background check reports often contain false or misleading information about individuals.

The CFPB and Federal Trade Commission (FTC) launched a public inquiry in early 2023, and asked for people’s experiences with background checks used to screen potential tenants for rental housing. The CFPB and FTC received more than 600 comments. Most of the comments came from renters. They told the agencies about many problems they encounter, including not receiving adverse action notices and finding inaccuracies and errors that are difficult to correct and that have a decades long impact on housing opportunities. Many described biases in criminal and credit systems transferring into housing decisions.

The CFPB issued today’s advisory opinion on background screening to highlight that consumer reporting companies, covered by the Fair Credit Reporting Act, must maintain reasonable procedures to avoid producing reports with false or misleading information. Specifically, the procedures should:

- Prevent the reporting of public record information that has been expunged, sealed, or otherwise legally restricted from public access.
- Ensure disposition information is reported for any arrests, criminal charges, eviction proceedings, or other court filings that are included in background check reports.
- Prevent the reporting of duplicative information.

In addition, today’s advisory opinion on background screening reminds consumer reporting companies that they may not report outdated negative information—and that each negative item of information is subject to its own reporting period, the timing of which depends on the date of the negative item itself. For example, a criminal charge that does not result in a conviction generally cannot be reported by a consumer reporting company beyond the seven-year period that starts at the time of the charge.

## Credit File Disclosure

People have the right to know what information consumer reporting companies keep about them as well as where the information originates. Disclosure of a person’s complete file, upon their request, is a critical component of a person’s right to dispute false or misleading information. Consumers must be provided with all sources for the information contained in their file, including both the originating sources and any intermediary or vendor sources, so they can correct any misinformation.

As explained in the advisory opinion on file disclosure, individuals requesting their files:

- Only need to make a request for their report and provide proper identification - they do not need to use specific language or industry jargon to be provided their complete file.
- Must be provided their complete file with clear and accurate information that is presented in a way an average person could understand.
- Must be provided the information in a format that will assist them in identifying inaccuracies, exercising their rights to dispute any incomplete or inaccurate information, and understanding when they are being impacted by adverse information.
- Must be provided with the sources of the information in their file, including both the original and any intermediary or vendor source or sources.

In a January 2023 report, the CFPB noted improvements and continued challenges for the nationwide consumer reporting companies. The CFPB has highlighted other consumer reporting problems and has reminded consumer reporting companies of their obligations to consumers under the Fair Credit Reporting Act. For example, the CFPB issued guidance on permissible purposes for accessing consumer reports, identifying and eliminating obviously false and junk data, and resolving consumer disputes. Additionally, the CFPB has taken action against consumer reporting companies when they have broken the law, as well as affirmed the ability of states to police credit reporting markets.

Read the advisory opinion, Fair Credit Reporting; Background Screening.

Read the advisory opinion, Fair Credit Reporting; File Disclosure.

Consumers can submit credit reporting complaints, or complaints about other financial products and services by visiting the CFPB’s website or by calling (855) 411-CFPB (2372).

Employees who believe their companies have violated federal consumer financial protection laws, including the Fair Credit Reporting Act, are encouraged to send information about what they know to whistleblower@cfpb.gov. To learn more about reporting potential industry misconduct, visit the CFPB’s website.

The Consumer Financial Protection Bureau is a 21st century agency that implements and enforces Federal consumer financial law and ensures that markets for consumer financial products are fair, transparent, and competitive. For more information, visit www.consumerfinance.gov.

Topics: CREDIT REPORTS AND SCORES

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