

415 744 9800

BOB EGELKO 415 863 6012

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Ruling backs suits over credit errors

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Consumers can go
to court even if no
ill effects occurred

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A consumer whose credit report contains errors can sue the credit agency even if the report was never used to deny credit, a federal appeals court has ruled.

The only pertinent issues are whether the credit agency followed reasonable procedures to prevent inaccuracies and, if not, whether the consumer suffered financial or emotional harm, the 9th U.S. Circuit Court of Appeals ruled Thursday.

The federal Fair Credit Reporting Act "was the product of congressional concern over abuses in the credit reporting industry" and should be interpreted liberally to protect consumers, said Judge Harold Fong in the 3-0 ruling. Fong, a U.S. District judge from Hawaii, was temporarily assigned to the appellate panel in San Francisco.

The court reinstated a San

Francisco suit by Renie Guimond against Trans Union Credit Information Co., which acknowledged that her credit report contained errors as of October 1989.

They included inaccurate statements that she was married, used an alias and had a credit card from a clothing store.

Trans Union wrote to Guimond in November 1989 saying the erroneous information had been removed, but the company issued a report the following March that contained the same information, the court said.

Asked by Guimond for the source of the errors, Trans Union said it didn't know where the information came from.

Guimond's suit did not claim any denials of credit but said she was deterred from applying for credit during the time of the errors. She also claimed sleeplessness and anguish caused by the errors.

U.S. District Judge D. Lowell Jensen dismissed the suit, saying a consumer could not sue for credit report inaccuracies unless credit was denied as a result. The appeals court disagreed and returned the case to Jensen for trial.