

PART 4 OF A FOUR-PART SERIES

Putting More Teeth in Consumer Rights

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THE revolution in computer technology has made it possible for the major credit bureaus to gather, slice, dice, sort, and resell unprecedented amounts of information about our personal finances," says Elgie Holstein, president of Bankcard Holders of America, a nonprofit consumer-education group based in Herndon, Va.

Yet the United States Fair Credit Reporting Act, the law that protects the rights and privacy of consumers, hasn't been changed in the 20 years since it was passed.

Last year, when a reporter from Business Week magazine showed how easy it was to get a copy of Vice President Dan Quayle's credit report, the credit industry responded by saying that the reporter had broken the law. Of course the reporter was breaking the law, Mr. Holstein says, but that's not the point: "The central issue is: Why was it so easy for the person to gain access to the files in the first place?"

Several members of Congress are asking similar questions. Last September, the House subcommittee on Consumer Affairs and Coinage held hearings on the FCRA. In March, the subcommittee's chairman, Richard H. Lehman (D) of California, introduced a bill that would tighten some of the FCRA's provisions. Similar bills have been introduced by congressmen Charles Schumer (D) of New York and Matthew J. Rinaldo (R) of New Jersey.

In addition to restricting access to credit files, the bills would broaden the protections for consumers who are the victims of credit fraud.

All the bills would require companies to settle the reinvestigation of disputed information in a consumer's file within 30 days; the current law requires that reinvestigations be settled in a "reasonable" amount of time. The bills would also sharply limit how long some kinds of negative information could be reported on consumers.

"Adverse credit information remains on file for seven years. That's punishment more severe than we reserve for many criminal offenses," says Eileen Hemphill, the consumer education and information officer in the Department of Consumer and Regulatory Affairs in Washington.

Under Lehman's bill, the fact that a certain payment on an account was 30 days late would be reportable for only three years.

Both the Schumer and the Rinaldo bills would stamp out the practice of using credit records for marketing by allowing a consumer's records to be examined only when the consumer initiates a transaction or a credit relationship already exists. Lehman's bill would merely require that consumers be allowed to "opt out" of target marketing.

Rinaldo's bill would further require a company that rejects somebody because of a credit report to provide the applicant with a copy of that report, a pamphlet telling them their rights under the law, and the names, addresses, and telephone numbers



of the three major credit bureaus.

One of the biggest problems consumers face today is that incorrect information in their files is often passed along to other consumer-reporting bureaus.

"There is no guarantee that an incorrect piece of information, once removed from a consumer's file, won't come back to haunt them later," says Shirley Rooker, president of Call For Action Inc. in Washington, the umbrella organization for the consumer-help services run by many radio and TV stations around the country.

To address that problem, Rinaldo's bill would require credit bureaus to track down reports

that had been issued with incorrect information and correct them.

Realistically, say several Congress-watchers, it may be too late in the legislative session this year for the subcommittee to produce a bill that can be put up for a vote. Many expect the legislation to go through early in the next legislative session, however, because of strong public support for the measures.

"Consumers want stronger privacy laws and corporations don't want them to have them," says Evan Hendricks, editor of the Washington-based Privacy Times. "There is a real crisis brewing in the credit-reporting system. They have run rampant for so long without oversight. Whenever a story runs in the press [about problems], lots of

people call in," he says.

Representatives of the credit industry say that many of the proposed requirements would be expensive and burdensome. One of the biggest objections is to the requirement that consumers be given a free copy of their credit report each year; currently, there is a \$15 fee for each report.

"It is a terribly expensive proposition," says Marvin Kaplan, spokesman for the Washington-based Associated Credit Bureaus, the industry's trade group. So many people would ask for their credit reports that the postage alone might run into the millions of dollars a year, Mr. Kaplan says.

Consumer advocates are exasperated by such arguments: "They should be paying us for performing a quality control, instead of charging us \$15 a pop!" says Jean Ann Fox, president of the Virginia Citizens Consumer Council in Arlington, Va. According to the major credit bureaus, more than 30 percent of consumers who see their reports dispute information the reports contain.

Perhaps the biggest problem is that many consumers do not understand how personal information moves around, and how they can correct information about them that is in error.

"It is important for consumers who are dealing with credit problems and credit bureaus to take extra precautions. They ought not to assume that just because they are in the right their difficulties will be quickly and easily remedied," Congressman Schumer says.

"There have been too many instances of inaccurate records, unsatisfactory responses, and invasions of privacy for consumers to trust that the process will necessarily work as it should. Until the proper reforms and safeguards are enacted, those who are faced with credit snafus must exercise an additional measure of diligence in protecting their rights," he adds.

To help inform consumers, American Express recently published a pamphlet that shares tips for protecting privacy and credit; TRW, one of the "big three" credit bureaus, recently started printing some of its consumer information in Spanish. But actions like these are only the beginning.

"I suspect there are many people who never find out what TRW is," says Massachusetts state senator Lois Pines. Many people who are denied credit never go to the trouble of obtaining their reports, she says: "The bureaucracy is intimidating to them."

Previous articles in this series ran on July 18, 25, and Aug. 1.

How to Protect Your Credit and Your Privacy

1. The first step to protecting your credit record is to get a copy of it. If there is invalid information on the report, have it corrected.

If you have been denied credit within the last 30 days, the credit reporting agency is obligated under the federal Fair Credit Reporting Act (FCRA) to provide you with a free copy of your credit report. Otherwise, you will be required to pay \$15. (In Maryland, the cost for the report is \$5; in California, \$8; and in Connecticut, \$10.)

When requesting your report, be sure to include your name, address, previous addresses for the past five years, your Social Security number, your signature, and a telephone number where you can be reached during the day.

In addition to your credit history, the report will include the names of every business that has requested your report within the past two years. If you do not recognize any of the companies, someone may have obtained credit in your name.

Since each credit bureau maintains its own files, some may have errors that others do not. You should be sure to check with more than one bureau. The "big three" are:

TRW
P.O. Box 5450
Orange, CA 92613-5450
(714) 991-5100

Equifax
5505 Peachtree Dunwoody,
Suite 600
Atlanta, GA 30358
(404) 250-4000

Trans Union Corporation
Consumer Relations Dept.
208 S. Market Street
P.O. Box 2926
Wichita, KS 67201
(312) 645-6008

If you disagree with anything on your report, contact the credit bureau. The FCRA requires the bureau to reinvestigate the facts in the dispute; if you do not agree with their conclusion, you have the right to include a statement in the report with your version.

There are also many local credit bureaus. Bankcard Holders of America, a nonprofit consumer-education group, publishes a "credit-check kit" that includes the name, address, and phone numbers of legitimate credit bureaus across the United States, as well as a pamphlet that explains in detail your rights under the FCRA. The kit costs \$2 and is available from:

Bankcard Holders of America
560 Herndon Parkway
Suite 120
Herndon, VA 22070
(703) 481-1110

2. Obtain a statement of your earnings from the Social Security Administration every two years. This will tell you if someone else is earning wages under your Social Security number. If you suspect an error, you have three years, three months and 15 days after the mistake was made to challenge it.

To get your statement, you need to fill out a Request For Earnings and Benefit Estimate Statement form, which can be

ordered by telephone from the Social Security Administration: (800) 234-5772.

3. You can "opt-out" of direct marketing and telemarketing by having your name added to the databases maintained by the Direct Marketing Association. Write to:

Telephone Preference Service
Mail Preference Service
Direct Marketing Association
6 East 43rd Street
New York, NY 10017-4646
(212) 689-4977 ext. 369

The major credit bureaus also use their credit databases for direct marketing, and many magazines sell their subscription lists for advertising purposes. You can write to each company that has your name and address and ask that your names not be released for marketing purposes.

4. You can get a copy of your medical information file by writing to:

MIB
P.O. Box 105, Essex Station
Boston, MA 02112
(617) 426-3660

MIB will tell you if they have a file on you, but in some cases they will send its contents only to your physician or dentist. Be sure to include that person's name and address.

5. Do not permit merchants to record your credit or charge-card number on personal checks; these numbers have sometimes been transcribed and used for fraudulent purposes.

- S. L. G.