

Credit reporting complaint snapshot



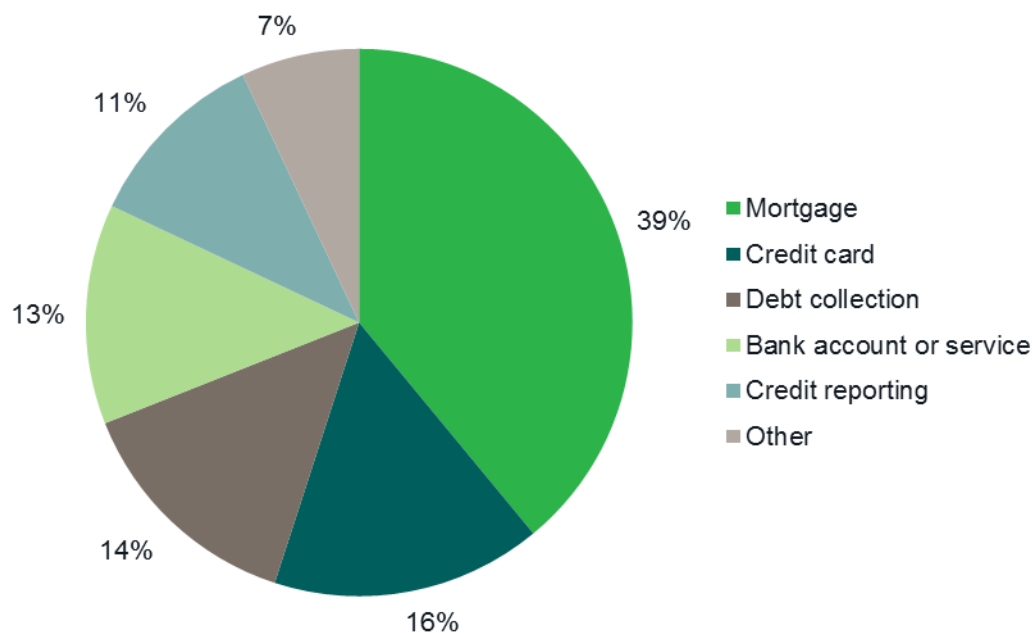
Consumer Financial
Protection Bureau

February 2014

Consumers' credit reporting complaints

Of the approximately 289,000 consumer complaints handled by the CFPB between July 21, 2011 and February 1, 2014, about 31,000 (11%) have been about credit reporting.¹

FIGURE 1: TYPES OF COMPLAINTS BY CONSUMERS



Approximately 20,600 of credit reporting complaints have been sent by the CFPB to companies for review and response (66%). The remaining credit reporting complaints have been found to

¹ The CFPB began handling credit reporting complaints on October 22, 2012.

be incomplete (24%), pending with the consumer or the CFPB (6%), or were referred to other regulatory agencies (3%).

1. Types of credit reporting complaints

When submitting a credit reporting complaint, consumers have the option to choose from among the following five different issue types to describe the type of issue that they are having:

- incorrect information on my credit report;
- credit reporting company’s investigation;
- improper use of my credit report;
- unable to get my credit report or credit score; and
- credit monitoring or identity protection services.

FIGURE 2: TYPES OF CREDIT REPORTING COMPLAINTS REPORTED BY CONSUMERS

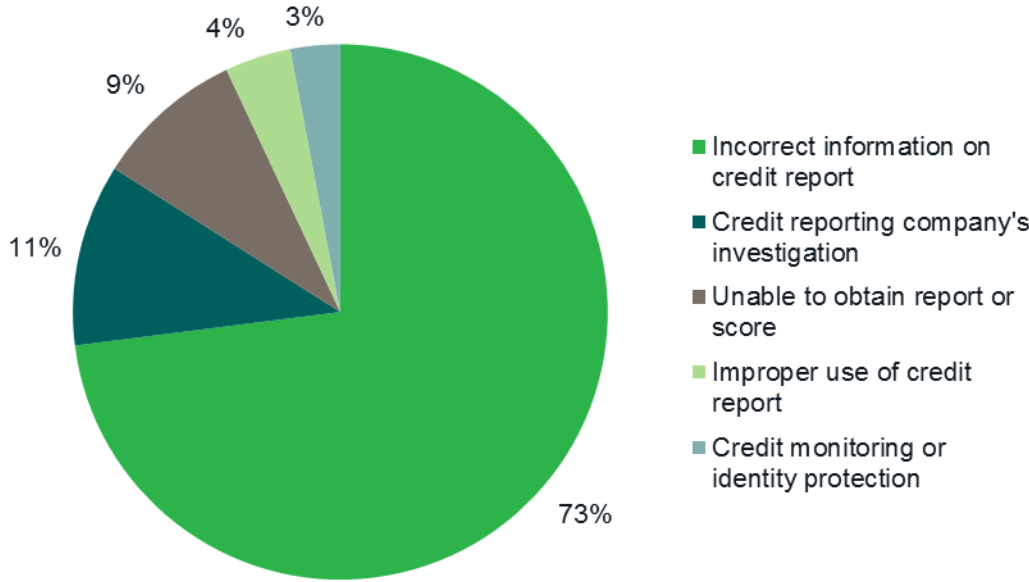


Figure 1 illustrates that 73% of consumers’ credit reporting complaints are about incorrect information appearing on a credit report. Other common types of credit reporting complaints

are about issues with credit reporting companies' investigations of information disputed by consumers (11%) and the inability to get a credit report or credit score (9%).

1.1 Incorrect information on a credit report

Among consumers' complaints about incorrect information appearing on their credit report, the most common concerns were about incorrect account status (35%) and information that does not belong to the consumer (19%).

Some consumers report having to deal with the reappearance of incorrect account information on their credit reports, including inaccurate collection accounts, they had previously disputed and corrected. Other consumers express frustration with having to correct information that does not belong to them.

One consumer, a recent college graduate, checked his credit report for the first time only to find a number of derogatory accounts on his report. He was able to remove all but one account from his credit report – a mortgage – that was supposedly originated at a time when the consumer was in high school.

The consumer submitted disputes in an effort to remove the mortgage, which clearly did not belong to him; nevertheless, after his third attempt to correct the information, he was told by the credit reporting agency that he could not submit any more disputes.

The claim is clearly not me. It is a house mortgage. I would have been a sophomore in high school when the account was started.

Chris, Iowa

Many consumers also report challenges with inaccurate furnisher reporting about previously filed bankruptcies. For instance, there is some confusion about how long a Chapter 7 or Chapter 13 bankruptcy may appear on consumers' credit reports. Consumers also frequently question whether a particular account is correctly reporting as having been, or not been, included in the consumer's bankruptcy.

In addition to bankruptcy, consumers have expressed concern with the reporting of liens which were incorrectly assessed or which had been on their credit report for more than seven years. While an incorrectly imposed lien should be deleted from a consumer's credit report, consumers are not aware that a lien can remain on a credit report for seven years *after* the lien is paid.

Other consumers are not aware that if the lien has not been paid after seven years, it may be reported indefinitely.

1.2 Credit reporting company's investigation

In complaints where consumers had issues with credit reporting companies' investigations of information they disputed, consumers most commonly reported problems with the company's statement of dispute (4%) and problems with not having received notice of the investigation's status or results (4%).

Consumers sometimes question the depth and validity of the investigations performed, given how quickly credit reporting companies sometimes return findings. Additionally, consumers report frustration when they have submitted documentation that should call into question the accuracy of the information provided by the data furnisher.

Consumers are also sometimes confused about the extent to which the credit reporting agencies are obligated to provide consumers with validation and documentation of a debt which appears on their credit report.

1.3 Inability to get credit report or credit score

Consumers' complaints about an inability to get credit reports or credit scores most commonly reported problems getting their free annual report (4%) and getting their credit report or credit score (4%).

In this example of a common complaint, a consumer reports his repeated attempts to request his free annual credit report, to no avail:

I was going around and around with a credit reporting agency. I had written to their corporate office, who denied the existence of my request for a free credit report. After contacting the CFPB, I

As an Advocate/Ombudsman, I will be sharing the CFPB website with every consumer that asks, "What can I do?"

Ezra, Arizona

received a notice that the credit reporting agency would be sending my report.

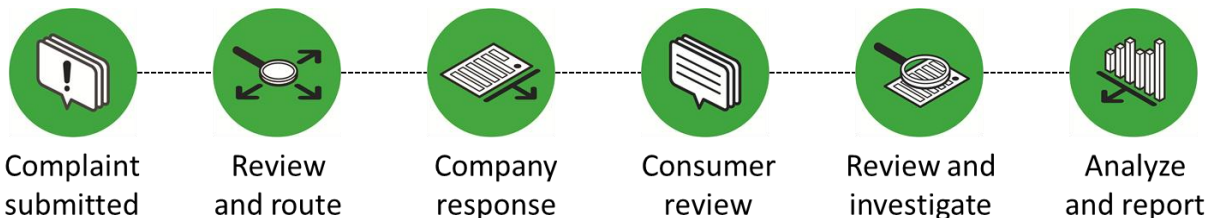
2. How the CFPB handles complaints

The CFPB screens all complaints submitted by consumers based on several criteria. These criteria include whether the complaint falls within the CFPB’s primary enforcement authority, whether the complaint is complete, and whether it is a duplicate of a prior submission by the same consumer.

Screened complaints are forwarded via a secure web portal to the appropriate company. The company reviews the information, communicates with the consumer as needed, and determines what action to take in response. The company reports back to the consumer and the CFPB via the secure “company portal.”

Consumers who have submitted complaints with to the Bureau can log onto the secure “consumer portal” available on the CFPB’s website or call a toll-free number to receive status updates, provide additional information, and review responses provided to the consumer by the company.

The Bureau then invites the consumer to review the response and provide feedback. The CFPB reviews the feedback consumers provide about company responses, using this information along with other information such as the timeliness of the company’s response, for example, to help prioritize complaints for investigation.



Throughout this process, subject-matter experts help monitor certain complaints. For example, the Office of Servicemember Affairs coordinates on complaints submitted by servicemembers or their spouses and dependents.

2.1 Company responses

Approximately 20,600 of credit reporting complaints have been sent by the CFPB to companies for review and response (66 %).

Companies have already responded to approximately 18,800 complaints or 91 percent of the complaints sent to them for response.

TABLE 1: COMPANY RESPONSE CATEGORIES²

Categories of company responses:	N	%
Company reported closed with monetary relief	140	0.7%
Company reported closed with non-monetary relief	5,940	28.9%
Company reported closed with explanation	12,610	61.3%
Company reported closed (without relief or explanation)	70	0.3%
Company provided administrative response	170	0.8%
Company reviewing	1,480	7.2%
Company did not respond	140	0.7%
TOTAL	20,560	100%

² Counts and percentages may not sum to 100% due to rounding.

2.2 Consumer feedback

Once the company responds, the CFPB provides this response to the consumer for review. Consumers are given the option to dispute responses indicating a resolution has been provided or that the company has closed the complaint with or without relief. Consumers are asked to notify the CFPB within 30 days if they want to dispute a company's response.

Consumers have disputed approximately 3,200 company responses (17%) to credit reporting complaints, compared to a 21% dispute rate for all products handled by the CFPB.³

³ In addition to credit reporting complaints, the CFPB currently handles complaints about credit cards, mortgages, bank accounts and services, private student loans, vehicle and other consumer loans, money transfers, debt collection, and payday loans.

Listening to consumers and reviewing and analyzing their complaints is an integral part of the CFPB's work in understanding issues in the financial marketplace, and helping the market work better for consumers. The information shared by consumers and companies throughout the complaint process informs the Bureau about business practices that may pose risks to consumers and helps the Bureau in its work to supervise companies, enforce Federal consumer financial laws, and write better rules and regulations.