

Statement of Ranking Member Spencer Bachus at the Hearing on "Credit Reports: Consumers' Ability to Dispute and Change Inaccurate Information"

June 19, 2007

Thank you, Chairman Frank, for convening this hearing on the ability of consumers to dispute information in their credit reports. Recent press reports in the Chairman's hometown newspaper and elsewhere have highlighted instances in which consumers have been denied credit simply because of erroneous information contained in their credit files. These reports are troubling to me, and I am hopeful that today's hearing will help the Committee come to a better understanding of why this is happening and how it can be prevented in the future.

The Fair and Accurate Credit Transactions Act (FACT Act) — legislation that I was proud to sponsor in the 108th Congress — reinforced that consumers have both a right to review their consumer report at any time and also dispute any information that they believe is inaccurate. Unfortunately, a number of regulations required by that Act — which became law in 2003 -- have yet to be finalized or even put out for comment. Today's hearing is a good opportunity to get an update on where things stand with FACT Act implementation.

The Fair Credit Reporting Act (FCRA) governs the relationship between credit reporting agencies, credit information furnishers, and consumers. Currently, FCRA requires consumer reporting agencies to investigate consumer disputes within 30 days of receiving a complaint from the consumer. The consumer reporting agencies must then inform the entity that furnished the disputed information, and the furnisher is in turn required to conduct its own concurrent investigation. If either the consumer reporting agency or the furnisher determines that the disputed information is inaccurate or cannot be verified, they must remove the information from the consumer's credit file.

The FACT Act enhanced the ability of consumers to correct their credit reports in a number of ways. It required the Federal banking agencies and the Federal Trade Commission (FTC) to write regulations establishing better procedures governing companies that furnish information on their customers to the credit bureaus to ensure that their reports are accurate. The FACT Act also directed the agencies to identify through regulation the circumstances in which a consumer should be able to dispute the accuracy of information directly with the furnisher. Prior to the FACT Act, consumers could only initiate such disputes through the credit bureaus.

While the Federal banking agencies and FTC issued an Announced Notice of Proposed Rulemaking (ANPR) in March 2006, they have yet to take any further action. It is my belief that implementation of these provisions would go a long way toward making it easier for consumers to correct their credit reports, and I urge the regulators to move quickly to finalize their long overdue regulations.

Let me close by thanking the Chairman for his continued oversight on this issue, and I yield back the balance of my time.

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