
Opening Statement of Ranking Member Spencer Bachus, Hearing Entitled, "Examining the Need for H.R. 2885, the "Credit Monitoring Clarification Act"

May 20, 2008

Thank you, Mr. Chairman, for holding this hearing on H.R. 2885, the Credit Monitoring Clarification Act, bipartisan legislation which I am proud to cosponsor.

In 1996, Congress enacted the Credit Repair Organizations Act ("CROA") to help consumers by putting an end to the unfair and deceptive practices of entities that promised they could remove negative - but accurate - data from a consumer's credit report. In its effort to help consumers, Congress imposed a number of requirements on credit repair organizations. Perhaps most significantly, we prohibited these businesses from charging consumers fees before they had performed the services they had promised.

But industry practices have changed. CROA was enacted before certain credit monitoring products became popular as consumers sought new ways to track their credit histories and protect themselves against identity theft. The lead sponsors of H.R. 2885, the gentleman from Pennsylvania, Mr. Kanjorski, and the gentleman from California, Mr. Royce, have worked closely with the Federal Trade Commission to ensure that their legislation will allow these legitimate credit monitoring products to be offered without running afoul of CROA.

Under the bill, firms offering credit monitoring services must provide consumers with certain disclosures and the opportunity to cancel without paying a penalty or fee. H.R. 2885 also updates the more general disclosures that must be provided to consumers under CROA, to conform the statute to changes made by the Fair and Accurate Credit Transactions Act (FACT Act) of 2003. H.R. 2885 is substantially similar to provisions that were included in data security legislation that passed this Committee in the 109th Congress, but was never considered by the full House.

Mr. Chairman, thank you again for holding this hearing, and thanks to our witnesses for being with us today.