

United States House of Representatives
Committee on Financial Services
Washington, D.C. 20515

May 19, 2016

The Honorable Jeb Hensarling
Chairman
Financial Services Committee
United States House of Representatives
2129 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Hensarling:

I write to request that the Financial Services Committee (Committee) hold a series of hearings to review consumer reporting and credit scoring problems and examine legislative proposals to remedy them.

Despite the Consumer Financial Protection Bureau's laudable efforts to rein in troubling practices at the largest consumer reporting agencies (CRAs), problems continue to exist. Given the significant role that credit information plays in many aspects of American consumers' lives today, it is vital that CRAs and furnishers maintain reasonable procedures to assure, to the maximum extent possible, the accuracy and completeness of information on reports. It is also important that consumers are able to resolve easily and quickly any incorrect information found on their reports.

I appreciate your willingness last term to hold a Financial Institutions and Consumer Credit Subcommittee hearing titled, "An Overview of the Credit Reporting System," in response to my request for a hearing on the negative impact of medical debt on a person's credit score. However, in light of the on-going concerns about consumer reporting practices by consumers, advocates and federal financial services regulators, I believe it is time for our Committee to comprehensively review these matters and consider the various legislative proposals that Members have put forth to address these problems.

As you know, it has been over a decade since the Committee engaged in an in-depth review of the Fair Credit Reporting Act (FCRA) when the Fair and Accurate Credit Transactions (FACT) Act was signed into law in 2003. As such, it is long overdue for the Committee to conduct a robust review of consumer reporting and the impact of this industry on consumers and others who rely on the integrity of information contained in reports. The FACT Act responded to the growing incidence of identity

theft in the early 2000s by creating fraud alerts and giving consumers the right to obtain a free annual report from each of the nationwide CRAs and nationwide specialty CRAs. Since that time, however, the types and volume of consumer complaints about the industry, coupled with modern credit reporting research, demonstrate that numerous other matters warrant additional federal consumer protections to ensure today's reporting system is fair and accurate.

As you may know, I introduced the "Comprehensive Consumer Credit Reporting Reform Act" on May 19, 2016, to address many problems in the current system. My bill, among other things, reforms the dispute process to eliminate the time-consuming, undue burdens imposed on consumers who try to remove errors from their reports; limits the use of credit checks for employment purposes by ending the practice that inaccurately assumes a person's credit history is an accurate and appropriate predictor of job performance or likelihood to steal from an employer; codifies several industry best practices ensuring consumers are not unfairly penalized with low credit scores due to the presence of certain information on their reports; and enhances the tools available to consumers seeking to protect themselves from identity theft, fraud or other related criminal activities.

In addition to my legislation, several other Members have developed proposals to fix unfair practices within our current system. Notably:

- On March 26, 2015, Congressman Langevin introduced the "Protect Children from Theft Act," which is intended to protect the credit of minors;
- On May 15, 2015, Congressman Carney introduced the "Medical Debt Relief Act," which gives consumers additional time to resolve medical billing and insurance disputes before medical collections appear on a person's consumer report and requires the removal of fully paid or settled medical debt within a reasonable short time period.;
- On May 15, 2015, Congressman Carney also introduced the "FAIR Student Credit Act," which provides credit rehabilitation for distressed private education loan borrowers;
- On July 14, 2015, Congressman Ellison introduced the "Credit Access and Inclusion Act," which addresses the use of non-traditional data;
- On December 10, 2015, Congressman Royce and Congresswoman Sewell introduced the "Credit Score Competition Act," which encourages the use of additional scoring models in the seller-servicer guides of Fannie Mae and Freddie Mac;
- In December 2015, Congressmen Murphy and Cohen filed an amendment to the "Hire More Heroes Act," which would have limited the use of credit checks for employment purposes;

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- On April 20, 2016, Congressman Cohen introduced the “Fair Access to Credit Scores,” which would give consumers access to free scores; and
- On April 24, 2016, Congresswoman Beatty introduced the “Free Credit Score Act,” which would also provide consumers with free access to their credit scores along with their free annual consumer reports.

I hope you agree with me that it is important for the Committee to dedicate adequate time to examining thoroughly consumer reporting and credit scoring issues, and I look forward to your receiving your response to my request.

Sincerely,

A handwritten signature in black ink that reads "Maxine Waters". The signature is written in a cursive, flowing style with a long horizontal flourish extending to the right.

MAXINE WATERS
Ranking Member