

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

December 18, 2013

The Honorable Edith Ramirez  
Chairwoman  
Federal Trade Commission  
600 Pennsylvania Avenue, NW  
Washington, D.C. 20580

Dear Chairwoman Ramirez:

We write to request that the Federal Trade Commission review the nationwide consumer reporting agencies' (CRAs) online marketing of products and services to consumers. In particular, we are concerned that the terms and conditions under which credit reports and credit scores are offered and advertised to consumers may put them at risk of mistakenly purchasing expensive products and services such as credit monitoring or identity theft services that they do not fully understand.

As a general matter, consumers are not entitled to see their credit scores unless they purchase it from the CRAs. There are, of course, certain limited circumstances when consumers are entitled to view their credit scores free of charge, including when taking out a mortgage or as part of a risk-based pricing or adverse action notice. It is true that the Fair Credit Reporting Act (FCRA) does guarantee consumers' access to one free annual credit report from each of the CRAs upon the consumer's request. Although such free credit reports provide consumers an important benefit, we are concerned that many consumers – who are either unaware of this right, or who wish to purchase additional reports once they have exhausted their access to their free annual reports – remain vulnerable to marketing practices designed to lure customers into buying unnecessary products or services.

We believe it is critical that information related to buying credit reports or credit scores should be presented in a clear and conspicuous manner on CRAs' websites. Unfortunately, in order to gain access to credit scores or credit reports, the CRAs' websites often require consumers to jump through hurdles, presumably in an effort to generate additional revenue, that we believe can mislead and confuse consumers.

One of the practices that have come to our attention is the marketing of "free" consumer products and services that are conditioned upon consumers signing up for costly add-on services such as ongoing credit monitoring. In many cases the "free" product or service automatically converts to a monthly subscription, unless the consumer remembers to cancel the service within the trial period that can be as short as 7 days. In other instances, CRAs prominently advertise discounted packages where a consumer can get access to their report, score, and other services, for as little as one dollar. What is not readily apparent, however, is that the initial small dollar enrollment fee converts into a subscription service that can cost more than \$200 per year, unless the consumer takes affirmative action to cancel the service. Finally, some CRAs require consumers to set up accounts before they are granted access to their scores or reports. Throughout the account registration process consumers are barraged with add-on products including credit monitoring, score estimation, and ID theft insurance.

Due to the growing use of credit information for credit, employment, and insurance purposes, it is increasingly important that CRAs market credit reports and credit scores to consumers in ways

that are clear and easy to understand. Already, far too few Americans take advantage of the annual free credit report guaranteed by Federal law. Allowing CRAs to continue promoting "free" products through "trial" schemes that establish ongoing paid subscription services and products may exacerbate this trend by discouraging consumers from seeking out their credit information. Given these concerns, we request that your agency investigate CRAs' online marketing of products and services to consumers and exercise any appropriate enforcement action where practices are determined to be misleading or deceptive.

We appreciate your agency's attention to this important issue.

Sincerely,

Melanie Waters

Denny Heck

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Al Swan

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cc: The Honorable Richard Cordray, Director  
Consumer Financial Protection Bureau