

United States Senate

November 10, 2021

The Honorable Rohit Chopra
Director
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Dear Director Chopra:

Congratulations on your confirmation to serve as director of the Consumer Financial Protection Bureau (CFPB). We write to urge you to take strong action to reform an industry that plays an integral role in deciding individuals' access to credit, and whose errors can ruin lives.

A 2012 FTC study found that one in five consumers had an error in at least one of their credit reports, and five percent of consumers had errors that were economically damaging. A 2015 follow-up study by the FTC found that nearly 70 percent of the impacted consumers surveyed three years earlier continued to dispute information in their reports.¹ More recently, a 2021 Consumer Reports survey found that more than one-third of 6,000 participating consumers found at least one mistake in their credit reports.²

In an industry that affects all Americans so directly, even a small error rate means tens of millions of people can be denied jobs or housing through no fault of their own.³ As a result of simple mistakes, consumers may pay more for credit or be denied loans altogether; they might face obstacles applying for a job, getting a mortgage, or renting an apartment. These impacts can persist for years, putting innocent people in positions that are nearly impossible to resolve. Furthermore, these errors can exacerbate the racial wealth gap: according to new research from your agency, consumers residing in majority Black neighborhoods are twice as likely to have disputes appear on their credit reports compared to consumers in white neighborhoods. This is a disparity the CFPB observed across every credit category, including auto loans, student loans, and credit cards.⁴

Consumers should not have to navigate lengthy, complicated processes to correct credit reporting errors, or to protect themselves against identity theft or fraud—a continuing risk for the hundreds of millions of Americans whose information has been compromised in corporate data breaches, such as the 2017 Equifax breach. It is no surprise that credit and consumer reporting complaints handily top the list of issues consumers report to the CFPB.⁵ Americans have more complaints

¹ <https://www.ftc.gov/news-events/press-releases/2015/01/ftc-issues-follow-study-credit-report-accuracy>

² <https://www.consumerreports.org/media-room/press-releases/2021/06/consumer-reports-investigation-finds-more-than-one-third-of-consumers-found-errors-in-their-credit-reports/>

³ See, e.g., http://cdn.publicinterestnetwork.org/assets/UDV-IZWNPfc9VDuHy9q4wA/mistakesdohappen3_98.pdf

⁴ https://files.consumerfinance.gov/f/documents/cfpb_disputes-on-consumer-credit-reports_report_2021-11.pdf

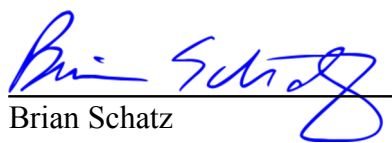
with the credit reporting industry than any other type of consumer financial product or service, and the CFPB is empowered to improve this broken system.


The *Dodd–Frank Wall Street Reform and Consumer Protection Act* gave the CFPB broad supervisory, rulemaking, and enforcement authority over the largest nationwide consumer reporting agencies (CRAs), representing the vast majority of the credit reporting market. Accordingly, we request you take immediate action to protect consumers and introduce much-needed accountability into the credit reporting system.

Specifically, we ask that you evaluate persistent errors in credit reporting and how CRAs consistently fail to resolve these errors, especially by failing to devote sufficient personnel and resources for dispute resolution—a shortcoming the CFPB could use its supervisory authority to remedy. You should also consider creating an ombudsperson position at the CFPB to facilitate the dispute resolution process and help ensure accuracy. CRAs engage in concerning practices that contribute to inaccuracies, including using partial Social Security numbers to match data from an information furnisher to a consumer’s file. We were encouraged by CFPB’s recent advisory opinion affirming that the practice of matching consumer records solely through the matching of names is illegal. Any additional action the CFPB takes could, with appropriate privacy and security measures, also require nationwide CRAs to instead match all nine digits of a consumer’s Social Security number. We also ask that you consider requiring nationwide CRAs to perform periodic accuracy audits on information furnishers. Additionally, we ask that you review the potential to codify provisions of the nationwide CRAs’ settlement with state attorneys general that delayed reporting of medical debt for six months and removed debts paid by insurance.⁶ Finally, algorithmic bias presents a risk of amplifying racial disparities in credit reporting, and a failure to provide reports in Spanish and other languages can impact consumers with limited English proficiency. We request that you require CRAs to address these concerns to ensure the credit reporting system equitably serves all consumers.

These concerns are not exhaustive, and we look forward to hearing more about your agenda for protecting consumers and working with you to improve this system.

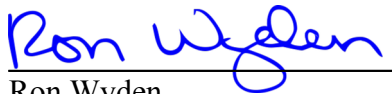
Sincerely,


Brian Schatz
United States Senator

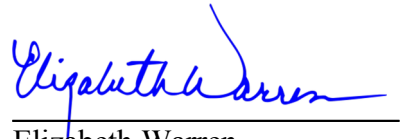

Sherrod Brown
United States Senator

⁵ <https://www.consumerfinance.gov/about-us/newsroom/cfpb-annual-complaint-report-highlights-more-than-a-half-million-complaints-received-in-2020/>

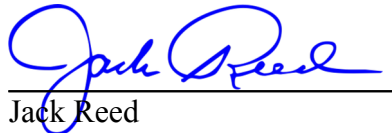
⁶ <https://www.nclc.org/media-center/tens-of-millions-consumers-benefit-from-new-rules.html>



Ron Wyden
United States Senator



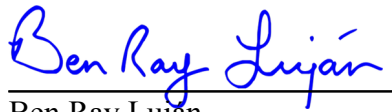
Elizabeth Warren
United States Senator



Jack Reed
United States Senator



Chris Van Hollen
United States Senator



Ben Ray Lujan
United States Senator