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Attorney General Balderas Announces \$103K Settlement & Major Reforms with Credit Reporting Agencies

Equifax, Experian, and TransUnion Agree to Significant Changes

Santa Fe, NM - Attorney General Hector Balderas and 30 other state attorneys general today announced a major settlement with the three national credit reporting agencies — Equifax Information Services LLC, Experian Information Solutions Inc., and TransUnion LLC. Under the settlement, the credit reporting agencies have agreed to pay New Mexico \$103,000 and to make a number of changes to their business practices to benefit consumers.

“This settlement is an important step that provides significant protections for consumers in New Mexico,” Attorney General Balderas said. “We negotiated for years to achieve these changes, and the results of our efforts will put greater control in the hands of New Mexico consumers over this important piece of their financial lives.”

The settlement is the result of a multistate investigation initiated in 2012 that focused on consumer disputes about credit report errors; monitoring and disciplining of “data furnishers” (providers of credit reporting information); accuracy of credit reports; and marketing of credit monitoring products to consumers who call the credit reporting agencies to dispute information on their credit report.

Under the settlement, the credit reporting agencies have agreed to increase monitoring of data furnishers, to require additional information from furnishers of certain types of data, to limit direct-to-consumer marketing, to provide greater protections for consumers who dispute information on their credit reports, to limit certain information that can be added to a credit report, to provide additional consumer education, and to comply with state and federal laws, including the Fair Credit Reporting Act.

Key provisions of the settlement include:

Higher standards for data furnishers:

- The credit reporting agencies must maintain information about problem data furnishers and provide a list of those furnishers to the states upon request.
- The credit reporting agencies and data furnishers must use a better, more detailed system to share data.

Limits to direct-to-consumer marketing:

- The credit reporting agencies cannot market credit monitoring services to a consumer during a dispute phone call until the dispute portion of the call has ended.

- The credit reporting agencies must tell consumers that purchasing a product is not a requirement for disputing information on their credits reports.

Added protections for consumers who dispute credit reporting information:

- The credit reporting agencies must implement an escalated process for handling complicated disputes, such as those involving identity theft, fraud, or mixed files — where one consumer’s information is mixed with another’s.
- Each credit reporting agency must notify the other agencies if it finds that one consumer’s information has been mixed with another’s.
- The credit reporting agencies must send a consumer’s supporting documents to the data furnisher. (The credit reporting agencies implemented this change after the attorneys general initiated their investigation and raised the concern that the pertinent complaint documents were not being sent to the furnishers.)
- Consumers may obtain one additional free credit report in a 12-month period if they dispute information on their credit report and a change is made as a result of the dispute.

Limits to certain information that can be added to a consumer’s credit report:

- The credit reporting agencies are generally prohibited from adding information about fines and tickets to credit reports.
- The credit reporting agencies cannot place medical debt on a credit report until 180 days after the account is reported to the credit reporting agency, which gives consumers time to work out issues with their insurance companies.
- The credit reporting agencies must require debt collectors to provide the original creditor’s name and information about the debt before the debt information can be added to a credit report.

Additional consumer education:

- The credit reporting agencies must tell consumers how they can further dispute the outcome of an investigation into a dispute, such as by filing a complaint with other agencies.
- Each credit reporting agency must provide a link to its online dispute website on the website www.annualcreditreport.com, and the credit reporting agency’s dispute website must be free of ads and any marketing offers.

The changes required under the settlement will be implemented in three phases to allow the credit reporting agencies to update their IT systems and procedures with data furnishers. All changes must be completed by three years and 90 days following the settlement’s effective date.

Participating with New Mexico in the settlement are the attorneys general from the states of: Alabama, Alaska, Arizona, Arkansas, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Maine, Maryland, Massachusetts, Michigan, Missouri, Nebraska, Nevada, North Carolina, North Dakota, Ohio, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Vermont, and Wisconsin.