



RESCINDED

Office of Thrift Supervision
Department of the Treasury

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July 17, 2009

MEMORANDUM FOR: CHIEF EXECUTIVE OFFICERS

FROM: Montrice Godard Yakimov, Managing Director
Compliance and Consumer Protection

SUBJECT: Final Rule/Guidelines on Furnishing Consumer Information to Credit Reporting Agencies and Direct Disputes; and Advance Notice of Proposed Rulemaking (ANPR) Seeking Comment on Additions to Guidelines

Summary of Action Taken

The federal financial regulatory agencies¹ and the Federal Trade Commission (FTC) (collectively, “the Agencies”) have published a final rule to implement section 312 of the Fair and Accurate Credit Transactions Act of 2003 (FACT Act), which amended the Fair Credit Reporting Act (FCRA). Although furnishing information to credit reporting agencies (CRAs) is voluntary, the rule requires that institutions that do so must have policies and procedures for furnishing information with accuracy and integrity. The rule also lays out the duties of institutions that receive disputes directly from consumers. The rule is effective July 1, 2010.

The Agencies are also publishing an Advance Notice of Proposed Rulemaking (ANPR) to gain a better understanding of the types of information that furnishers should be required to provide to a CRA to promote integrity. Comments on the ANPR will be due August 31, 2009, 60 days after publication in the Federal Register.

Summary of Final Rule and Guidelines

Accuracy and Integrity

The new rule defines accuracy and integrity in furnishing consumer information to CRAs. *Accuracy* means that the information an institution provides to a CRA about a consumer’s account correctly identifies the consumer, reflects the terms of the account, the consumer’s liability, and the consumer’s performance. *Integrity* means that the information provided to a CRA is substantiated by the institution’s records at the time, is furnished in a form and manner designed to minimize the likelihood that the information may be incorrectly reflected in the consumer report, and does not omit necessary information that the furnisher possesses.

¹ These agencies include OTS, the Office of the Comptroller of the Currency (OCC), the Federal Reserve Board (FRB), the Federal Deposit Insurance Corporation (FDIC) and the National Credit Union Administration (NCUA).

Policies and Procedures for Furnishing Information

The rule requires institutions that furnish consumer information to CRAs to develop and update written policies and procedures to comply with the requirement for furnishing information with accuracy and integrity. In developing those policies and procedures, institutions must consider the guidelines in Appendix E to the rule. The principal recommendations in the guidelines are that:

- Policies and procedures fit the size, complexity and scope of the institution's activities. They should be appropriate for the type of business, the nature and frequency of reporting, and the technology used.
- Policies and procedures provide for reasonable investigations of consumer disputes and updated reports of information such as transfers to third parties (sales or assignments for collections) and cured defaults.
- Institutions use standard data reporting formats and standard procedures for compiling and furnishing data, such as electronic transmission of information to CRAs where feasible.
- Institutions maintain records for a reasonable time so information that becomes the subject of a direct dispute can be substantiated.
- Institutions train staff and responsibly oversee service providers.
- Institutions review procedures following mergers, acquisitions or other transfers of accounts to prevent re-aging of information, duplicative reporting, or other problems that may affect the accuracy or integrity of the information furnished.
- Institutions periodically evaluate and update their practices for furnishing, investigating disputed information, making corrections, and communicating with CRAs.

Direct Disputes

Under the final rule, an institution must investigate a direct dispute if it relates to consumer liability on the account, the terms of the account, the consumer's performance, or other information in a credit report regarding the account with the furnisher that bears on the consumer's creditworthiness and reputation. When an institution receives a direct dispute, it must conduct a reasonable investigation, review all relevant information that the consumer provided, and report investigation results to the consumer within the time allowed for CRAs under the statute.² If the institution finds that it provided incorrect information to the CRAs, it must notify each affected CRA and provide the correction. An institution is not required to investigate a dispute that it determines to be frivolous or irrelevant, but must send the consumer a notice within five days of making that determination. The notice must include the reasons for the determination and identify information needed to investigate the dispute. The notice can be on a standardized form.

For additional information, please contact Suzanne McQueen, Consumer Regulations Analyst, (202) 906-6459.

Links:

[Procedures to Enhance the Accuracy and Integrity of Information Furnished to Consumer Reporting Agencies under Section 312 of the Fair and Accurate Credit Transaction Act](#)

[Guidelines for Furnishers of Information to Consumer Reporting Agencies](#)

² FCRA §611(a)(1) allows a CRA 30 days to investigate, with a possible extension of an additional 15 days.