

Furnisher Duties of Accuracy Under the Fair Credit Reporting Act

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The stated purpose of the Fair Credit Reporting Act (FCRA) 15 U.S.C. §§ 1681, et seq., is to require consumer reporting agencies (CRAs) to adopt reasonable procedures to meet the needs for consumer credit, personnel, insurance, and other information in a manner that is “fair and equitable” to the consumer with respect to the “confidentiality, accuracy, relevancy, and proper utilization” of such information. The FCRA protects both the privacy of consumer information and sets restrictions not only on CRAs, but also on furnishers and users of reported information to ensure such information is as accurate as possible.

The FCRA thus requires furnishers to report accurate and complete information to CRAs. More specifically, **furnishers are prohibited from reporting information relating to a consumer that is *known to be inaccurate, or that the furnisher has reasonable cause to believe is inaccurate.*** Nonetheless, furnishers who clearly and conspicuously provide an address for consumers to give notice of inaccuracies are exempt from this prohibition, unless the consumer has provided notice that information is inaccurate. And while the FCRA does not obligate furnishers to provide an address for the consumer to notify it of inaccuracies in reported data, furnishers who do so cannot be held liable for inaccuracies in reported information if the consumer fails to notify the furnisher of the inaccuracies. Furnishers who regularly report information to CRAs about transactions with consumers also have an affirmative duty to notify the agencies of information the furnisher later determines is incomplete or inaccurate.

The duty of accuracy also extends to circumstances where a consumer disputes information. The FCRA expressly prohibits reporting *disputed* information unless the furnisher also reports that the information is disputed. Therefore, furnishers should promptly notify CRAs when a consumer disputes the completeness or accuracy of reported information. The willful failure to do so may subject a furnisher to any actual damages sustained by the consumer, or damages between \$100

and \$1,000, punitive damages as allowed by the court, reasonable attorney's fees, and court costs.

To help mitigate the risk of exposure to potential violations, furnishers of information should establish policies and procedures to insure compliance with FCRA duties, and should give consumers an address to use to dispute inaccuracies.

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