

CFPB Issues Compliance Bulletin Clarifying Expectations on Furnisher Obligations Under the Fair Credit Reporting Act

February 15, 2016



The Consumer Financial

Protection Bureau has issued [CFPB Compliance Bulletin 2016-01](#), which "emphasize[s] the obligation of furnishers under [Regulation V](#)[1] to establish and implement reasonable written policies and procedures regarding the accuracy and integrity of information relating to consumers that they furnish to consumer reporting agencies (CRAs)." The Bulletin states that such policies and procedures are essential to "protect against the furnishing of inaccurate information that could potentially cause adverse consequences for consumers when included in a credit report." [As we reported previously](#), the FCRA places significant burdens on furnishers to accurately report consumer information. While the Bulletin says it only "summarizes existing requirements," it informs [furnishers](#)[2] that to avoid violating Regulation V, they should have different written policies and procedures depending on the *type of consumer information* they are reporting on and the *type of consumer reporting agency* they are reporting to, a requirement not readily apparent from Regulation V's [guidelines](#)[3] that furnishers must consider in developing their policies and

procedures. Foreshadowing future examination and enforcement action, the Bulletin notes that the "supervisory experience of the Bureau suggests that some financial institutions are not compliant with their obligations under Regulation V with regard to furnishing to *specialty* CRAs." (emphasis added) Specialty CRAs are those besides the big three CRAs – Experian, Equifax, and TransUnion. Specialty CRAs "collect and share information about [a consumer's] history of using a specific product or service."^[4] They compile that information into reports on a consumer's history of opening or using bank deposit accounts (including overdrafts and bounced checks), apartment rental payments, utility payments, medical payments, insurance claims, past employment, and other common consumer transactions.^[5] The CFPB signaled its expectation to see different policies and procedures depending on the type of information and type of CRA receiving the information through the following example: [I]f an institution furnishes both credit information to nationwide CRAs and deposit account information to nationwide specialty CRAs, that institution must consider the appropriate approach to each type of furnishing in its policies and procedures in order to comply with Regulation V. The CFPB justified this apparent expectation by noting that "the type, frequency, and nature of the information furnished to CRAs can vary significantly," and that there "may be significant differences in the reporting formats and codes used to furnish" consumer information to different CRAs. Furnishers should review their policies and procedures in light of this Bulletin. While they should continue to consult Regulation V's [guidelines](#), this Bulletin indicates the CFPB's preference for different policies and procedures depending on the type of consumer information furnished and type of CRA receiving that information. One size fits all written policies and procedures to ensure accurate furnishing, however appropriate and effectively implemented a furnisher believes them to be, could thus pique the interest of the CFPB, and should be avoided. --- ^[1]

Regulation V, 12 C.F.R. Part 1022, is the implementing regulation of the Fair Credit Reporting Act. Section 1022.42(a) requires furnishers "establish and implement reasonable written policies and procedures regarding the accuracy and integrity of the information relating to consumers that it furnishes to a consumer reporting agency."

^[2] Furnisher "means an entity that furnishes information relating to consumers to one or more consumer reporting agencies for inclusion in a consumer report."

12 C.F.R. § 1022.41(c).

^[3] See 12 C.F.R. Part 1022. Appendix E - Interagency Guidelines Concerning the Accuracy and Integrity of Information Furnished to Consumer Reporting Agencies.

^[4] CFPB, *What are specialty consumer reporting agencies and what kind of information do they collect?* January 21, 2015.

<http://www.consumerfinance.gov/askcfpb/1813/what-are-specialty-consumer-reporting-agencies-and-what-kind-information-do-they-collect.html>

^[5] *Id.*

Related Practices

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