

**OVERSIGHT OF THE CREDIT REPORTING
AGENCIES**

HEARING
BEFORE THE
COMMITTEE ON
BANKING, HOUSING, AND URBAN AFFAIRS
UNITED STATES SENATE
ONE HUNDRED EIGHTEENTH CONGRESS
FIRST SESSION
ON
EXAMINING THE NATION'S BIGGEST CREDIT REPORTING AGENCIES
AND THE POWER THEY HAVE IN DETERMINING THE FINANCIAL FU-
TURES OF EVERY AMERICAN

APRIL 27, 2023

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OVERSIGHT OF THE CREDIT REPORTING AGENCIES

THURSDAY, APRIL 27, 2023

U.S. SENATE,
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS,
Washington, DC.

The Committee met at 10 a.m., in room 538, Dirksen Senate Office Building, Hon. Sherrod Brown, Chair of the Committee, presiding.

OPENING STATEMENT OF CHAIR SHERROD BROWN

Chair BROWN. The Senate Committee on Banking, Housing, and Urban Affairs will come to order. Thank you to the witnesses today for joining us.

The three witnesses today, plain and simple, determine the financial futures of every American. Equifax, Experian, and TransUnion are this country's biggest credit reporting agencies. You have, as you know and as we have talked, tremendous power over people's lives.

The information you collect and put in people's credit reports determine whether people can get a mortgage or buy a car; what interest rate they pay; what credit cards they can get, at what rate; whether they will get insurance and what they pay for it; whether they will be able to rent an apartment; whether they will be accepted for a job. All of that, in some sense, is in your hands.

These companies are not just keepers of consumer data. They essentially manage—or mismanage, as the case may be—Americans' financial reputations. When your reports matter this much, with consequences this drastic, it is important that you get it right. It is vital that these reports contain only information that is useful and fair and, above all, accurate.

In 2017, when Equifax experienced a massive data breach, the American public was, frankly, shocked to find out exactly how much credit reporting agencies are involved in their lives. No offense, but they do not think about you a whole lot. The company compromised the personal information of more than 147 million consumers—including their Social Security numbers. Millions of people were forced into a crash course on how frustrating it can be to deal with credit reporting companies when they make a mistake. They had to place a credit freeze, they had to request their credit report, they were told to constantly monitor their information for inaccuracies.

People are busy enough with their children and their jobs and their lives. They should not have to spend that kind of time, because some company they have never heard of screwed up.

The data breach affected millions of people at once and got a lot of attention. But that was far from the only case of costly mistakes by your companies.

Today, credit reports are stilled riddled with errors. According to a FTC study, 1 in 5 consumers had errors in at least one of their three credit reports, and 1 in 20 had errors that affected the likelihood of receiving credit or affected their credit rate.

More than 200 million Americans are in the Experian, Equifax, and TransUnion credit reporting system. That means that potentially 40 million consumers have errors on their credit reports.

In a 2022 report, the Consumer Financial Protection Bureau also found that Equifax, Experian, and TransUnion routinely failed to adequately respond to consumers with errors in their reports. After this report, the three credit reporting agencies instituted some reforms to better respond to consumer complaints about errors on their credit reports.

It is an important, though long overdue, first step.

But errors like mixed files, where the information of a different consumer appears on a credit file, are still far too common. Mixed files are such a pervasive problem that, in 2015, 30 Attorneys General settled a lawsuit with the three credit reporting agencies—understanding you were not CEOs then—over this problem. Among other reforms, the credit reporting agencies were required to establish minimum standards for matching criteria and reducing mixed files.

And it is more than just mixed-up files. Some people, still very much alive, are declared dead. They have their idstolen. The list goes on.

Errors are also introduced into this system by what are called “furnishers,” companies supplying information to the credit reporting agencies.

Debt collectors are some of the worst offenders when it comes to supplying wrong information. The CFPB found that even though debt collectors supply just 13 percent of the accounts to credit reports, they are responsible for 40 percent of the disputes on credit reports—13 percent, 40 percent.

Americans can be dinged on their reports for debts in some cases they do not even owe.

It is not just errors that do not belong on credit reports. Medical debt, in particular—and I have spoken to each of you about that—has absolutely no place on credit reports.

In 2022, just in this country, an estimated 43 million Americans held \$88 billion of medical debt on their credit reports.

Low-income families, Black and Hispanic households, veterans, and older Americans are hit particularly hard. But medical debt can happen to anyone. It does not matter if you do everything right. Anyone can get sick. Anyone can get in a car accident. It has nothing to do with your ability to pay your bills—or at least it should not.

Medical debt does not correlate with credit risk. It correlates with illness or injury. No one should have their financial future destroyed because of a medical emergency, or a sick family member.

That's why I am asking your companies to stop putting medical debt, period, on your reports. And after increasing scrutiny and pressure a year ago, you all announced they would significantly change how medical collection debt is reported.

One of the major reforms announced is the removal of all medical debts of \$500 or below from credit reports. This is a good step—thank you—but it is also not enough.

If you have \$1,000 in medical debt, you are no less creditworthy than someone with \$500. It stems from the same problem—someone in your family or you got sick or injured.

The CFPB found that the remaining medical debt on credit reports will disproportionately belong to consumers living in majority minority and lower-income neighborhoods.

Your companies also provide tenant screening services—another way you have tremendous power over people's lives, and another way your errors can have disastrous consequences. When tenant screening turns up erroneous eviction filings, people cannot find a place to live. And because tenant screening reports are not as available as regular credit reports, renters may cycle through rejection after rejection, without ever knowing there is an error on the credit report.

After pressing the CFPB to address these errors, I was glad to see they and the FTC announce a Request for Information on how background screenings, like tenant screening reports, affects renters' ability to obtain housing.

Just yesterday, this Committee held a hearing about the challenges Americans face affording housing. In a highly competitive housing market. Inaccurate data mean renters lose out on a home, making things, of course, worse.

It is hard enough for Americans to get a foothold in the middle class. The last thing workers should have to contend with are careless mistakes from companies that have too much power over some of the most important aspects of their lives.

It is vital that the reports that your companies issue be accurate, not include medical debts, period, and that errors be fewer and correctable.

I do not think it is a lot to ask.

Senator Scott.

OPENING STATEMENT OF SENATOR TIM SCOTT

Senator SCOTT. Thank you, Mr. Chairman, and thank you to the witnesses for being here with us this morning. Such a really important topic, one that we have worked on for the last 5 years of my time in the Senate, making sure that we have access to the best credit we can get based on someone being creditworthy. I think that is a really important part.

I say that because I look back at my own family's history back to the 1920s and 1930s when my grandfather was growing up in the Jim Crow South, where getting a loan had more to do with your relationships, not to do with your creditworthiness. And so when we move toward a model that allows people to access credit

based on their relationships, it can sometimes lead to discrimination. But when we have an objective standard that is applied to everyone fairly and consistently, the Nation is a better place. Accessing credit, accessing the American Dream through home ownership is more realistic based on your creditworthiness.

My story continues in a very similar direction as my grandfather's did. In the 1990s, when I was starting my small business, I would say without any question I went to a bank and had a conversation with a banker about assets versus liabilities, and at that point, my best asset was a 1990 240SX that had 253,000 miles on it. Not necessarily the definition of an asset, but I tried to use it to borrow some money against it, and the bank rightly laughed me out of the bank.

But I did develop a relationship where we had an opportunity to look at my very light credit score. I did not have much credit at all. And so that works against you when you are trying to start a new small business. And if you need a revolving line of credit, banks are less likely to loan against no assets, the ability to come back and forth to the same institution. So that is a challenge. But the more I worked with a banker to appreciate building that credit score, understanding the principles that are so important to American prosperity, I was able to achieve my goal of opening my first Allstate insurance agency with the help of a friend who put some money into the business as well as a bank that finally concluded that I was an appropriate risk.

That situation today manifests in different ways, in that the credit score now impacts your rates and your insurance business. And having been in the business of insurance, your auto insurance, your home insurance, not just your loans, are literally decided by your creditworthiness. And because of that, I think we have to do everything in our power to make sure that as we head toward and continue to make progress on our risk-based method, it takes the subjective nature out of lending that relied only on relationships, reputation, or word of mouth, and in turn created, in my opinion, a fairer, objective measure of creditworthiness, increasing access to credit, and frankly, making it more inclusive as well.

This is so important because with hard work and responsible financial decisions, anyone can develop and improve their credit score and obtain access to credit in a manner that represents their financial opportunity. Increasing taxpayer-backed risk in the housing market as this Administration's economic policies push us toward a recession is anything other than "equitable."

At the same time, the CFPB has the audacity to announce it is exploring new avenues of regulatory overreach on whole numbers of different issues, ranging from data privacy to late payment fees, despite the fact that the agency itself experienced a data breach exposing the information of more than 250,000 Americans and then hiding that breach for several weeks. It is so amazing how tirelessly this Administration works to put dollars on the sidelines instead of in taxpayers' pockets. I look forward to getting answers and holding Director Chopra responsible.

At the end of the day, the data that lenders use becomes less secure, less reliable and predictive. It will simply result in higher rates and fewer loans made to people at the margins of the credit

box, people just like me. Yet another example of the Biden administration's policies hurting the people who can afford it the least.

However, there is good news. American innovation and free market competition are creating new avenues toward prosperity. As technology develops and lenders are able to use new or alternative sources of data to better predict the risk of default, "credit invisible" Americans will increasingly be able to participate in our financial markets, and that is really good news. Common sense and technological innovation has the potential to bring an estimated 50 million Americans with thin or no credit files into the financial system, and is a goal I have been working on, as I said at the beginning, for years.

My Credit Access and Inclusion Act, the Building Credit Access for Veterans Act, and finally, the Credit Score Competition Act, which was signed into law in 2018, are all designed to allow for the use of new, reliable, predictive data in our system. As we push forward with these improvements in technology and new sources of data, which are already showing promise at making our markets fairer and more accessible, we should also consider what guardrails may be needed to ensure responsible growth and consumer protection.

I look forward to hearing from the witnesses today on this really important topic and look forward to asking you some questions, as well.

Chair BROWN. Thank you, Senator Scott.

The three witnesses joining us today, Mark Begor has served as CEO and board member of Equifax since April 2018. From March 2016 to April 2018, he served as a member of the board of directors at FICO.

Chris Cartwright has served as President and CEO of TransUnion since May 2019. He joined TransUnion in August 2014. Welcome.

Mr. Brian Cassin has served as CEO of Experian since July 2014. He was previously appointed to the board as CFO in April 2012.

Thank you all for joining us, and Mr. Begor, please begin.

STATEMENT OF MARK W. BEGOR, CEO, EQUIFAX INC.

Mr. BEGOR. Good morning. Chairman Brown, Ranking Member Scott, and distinguished Members of the Committee, thank you for the opportunity to be here today.

I am Mark Begor, the Chief Executive Officer of Equifax. Since 2018, I have led the transformation of our company to build a new Equifax and a culture that values and supports consumers, customers, and communities. I recognize the important role that Equifax plays in the financial lives of consumers, and I take this responsibility very seriously.

Our company's purpose is to help people live their financial best, and Equifax is committed to putting consumers first and helping people access useful and affordable financial products and services in a responsible and sustainable way.

We know that every financial first, whether it is a college loan, a credit card, or a mortgage to purchase a first home, can spur

positive economic change, and we constantly look for ways to bring greater financial opportunity to more people in more places.

Over the past 5 years, we have invested in incremental, more than \$1.5 billion to rebuild our IT infrastructure to the most advanced cloud technology capabilities available. This is one of the largest cloud investments ever undertaken in our industry, and it is changing every facet of our infrastructure and our operations. Our new cloud capabilities are allowing us to enhance the accuracy of data and to more effectively leverage our alternative data to expand access to credit while also delivering industry-leading security.

We know that one of the keys to responsibly expanding consumer access to credit and supporting a more inclusive economy is leveraging information that is not traditionally included in the credit report, and we are focused on offering innovative solutions that can bring increased visibility to underserved consumers.

For example, we recently became the first in our industry to provide a new mortgage credit report that combines utility and cellphone data with traditional credit data. The majority of American adults have at least one utility or cellphone bill in their name, and using this additional data in a mortgage underwriting could raise the credit scores of as many 2.4 million consumers by an average of 30 points, moving them into a higher score band and potentially enabling them to either get approved or to receive more favorable mortgage interest rates.

In addition to our efforts to expand access to credit, Equifax is taking strong steps to be more consumer friendly at every touch. We have invested over \$75 million to improve the overall experience that consumers have with Equifax. We are ensuring that our written communications are in plain language. We have added tools like video clips to our website to help consumers navigate the dispute process. And we have made it easier for consumers to both manage their disputes online and track their disputes throughout the process.

We are committed to correcting errors on consumer reports quickly and transparently, and we are working with our industry colleagues to limit errors from occurring in the first place.

Another element of our focus on consumers is ensuring that we maintain the most accurate data possible. Even one single error on a consumer's credit report is one error too many. It is a personal priority for me that consumers trust their credit reports to contain accurate and complete data.

To strengthen our accuracy program at Equifax, we are driving initiatives in three key areas. We are streamlining our dispute processes and rewriting our consumer communications to use more plain language. We are implementing automation to more quickly identify errors in data before it goes on the credit file. And we are working more closely with our furnishers to communicate issues that we find, and correct them going forward.

While I am proud of our progress, there is more we can and will do. We are deeply committed to putting consumers first, and that means ensuring that we are providing lenders with accurate information so that consumers can get the credit that they need. And we continue to focus on our leadership in data security, and to

foster a culture where data security is central to our team's DNA. We have built one of the world's most advanced and effective cybersecurity programs, and our security capabilities exceed all industry benchmarks. We believe that transparency, communication, and collaboration delivers stronger security, and we continue to actively engage with our customers, policymakers, and other organizations regarding the challenges and opportunities in cybersecurity on a daily basis.

While we still have more work to do, I am proud of our progress that we have made over the last 5 years. Our resolve to achieve our company purpose to help people live their financial best and put consumers first has never been stronger.

Thank you again for the opportunity to share some of the key priorities of the new Equifax and for your dedication to your constituents and American consumers.

Chair BROWN. Thank you, Mr. Begor. I appreciate you being here.

Mr. Cartwright, you are recognized for 5 minutes.

**STATEMENT OF CHRIS A. CARTWRIGHT, PRESIDENT AND CEO,
TRANSUNION**

Mr. CARTWRIGHT. Chairman Brown, Ranking Member Scott, distinguished Members of the Committee, thank you for this invitation to appear. My name is Chris Cartwright and I am President and CEO of TransUnion (TU).

TransUnion is a global company headquartered in Chicago and one-of-three major credit reporting agencies in the United States. We have nearly 5,000 employees in the United States, and over 12,000 worldwide.

TransUnion's mission is to help people and society through information, to ensure fairness for consumers and to assist businesses in identifying underserved communities and managing business risks.

The credit reporting agencies are the backbone of the modern consumer credit economy. We play a key role in the efficient and stable functioning of the Nation's financial system. We serve as clearinghouses and record keepers, and we help consumers gain access to credit quickly and efficiently. We do not make lending decisions. We provide information that helps consumers obtain credit and helps lenders in underwriting and establishing credit terms. Our credit reports help more than 254 million consumers per year obtain important financial products, allowing them to achieve their personal goals through affordable credit.

Today's consumers expect near instant access to credit. We help make this possible by providing an efficient and reliable way for lenders to assess consumers' willingness and ability to repay their loans. Ultimately, the system enhances quality of life and strengthens the American economy.

We also play an important role for the lending community and for preserving financial stability. We help banks and financial institutions of all sizes more accurately manage risk, and we have seen, in the past several months, ensuring lending institutions have the data to understand and mitigate risk is critical to the overall health and resilience of the U.S. banking sector.

At the core of TransUnion's business is a commitment to data accuracy. Data accuracy is the fundamental underpinning of the entire credit reporting system. We must get it right. A strong and accurate reporting system benefits consumers, businesses, and the economy.

TransUnion has led the industry in building a system that helps consumers quickly address any errors in their credit reports and work directly with furnishers to expeditiously resolve any inaccurately reported items. Through our efforts, our turnaround time in addressing consumer disputes is now approximately 9 days—well below what is required by law.

We understand the great responsibility we have in stewarding data that touches the lives of nearly every American. Financial inclusion is a key pillar of our company's strategy. We are proud to be industry leaders in promoting expanded credit access through alternative data. Alternative data sources, such as rental and utility data, provides opportunities for people to build credit profiles quickly and accurately. We believe alternative data is really a story of economic fairness. If this information were reported at scale, it would substantially increase credit access for millions of Americans.

We also know the real impact credit reports have on consumers' lives. We are committed to getting it right every time. Since I became CEO of the company, TransUnion has undergone a transformation focused on improving the consumer experience. Among other things, during this transformation we have partnered with our peers at the outset of the pandemic to provide consumers with free weekly credit reports.

We are continually investing in our operations to build a best-in-class dispute-resolution infrastructure, to make sure our data is as accurate as possible and consumers' experiences are seamless. We recently removed all paid medical debt from credit files, and we made changes that will remove more than 70 percent of all unpaid medical collections from credit reports.

Senators, we recognize that partnering with policymakers is essential. We appreciate the work of this Committee, in particular, Chairman Brown and Ranking Member Scott, for your leadership in helping to make the credit reporting system stronger. We want to continue to build on our successful history, and we will continue to work with Congress and our regulators to provide consumers with the tools they need to realize economic opportunities.

Thank you, Senators, and I look forward to answering your questions.

Chair BROWN. Thank you very much, Mr. Cartwright.
Mr. Cassin, welcome.

STATEMENT OF BRIAN J. CASSIN, CEO, EXPERIAN

Mr. CASSIN. Chairman Brown, Ranking Committee Member Scott, and Members of the Committee, I am Brian Cassin, CEO of Experian. I appreciate the opportunity to discuss the important work Experian does for the benefit of consumers, lenders, and the U.S. economy.

Let me begin by stating why credit bureaus exist, how consumers benefit, and how our work provides underlying stability to the entire consumer credit ecosystem.

Credit bureaus accurately compile consumers' payment histories reported to us by individual creditors so that all lenders can use this data to make sound underwriting decisions. Good lending decisions mean fewer defaults. Fewer defaults reduce the cost of credit and increase the availability of consumer credit across the economy. Because credit bureau data does not include demographic factors such as race, color, religion, and gender, it also helps lenders make nonbiased lending decisions in compliance with the Equal Credit Opportunity Act.

Experian wholly understands its obligations, to ensure the information we hold on consumers is secure, to make credit reports accurate, and provide a method to correct data that is easy for consumers to access and use.

Experian supports this Committee's goal of enhancing the accuracy of credit reports, improving consumers' experience through the dispute-resolution process, and making fair and affordable credit available to all communities.

Experian has invested heavily in systems and processes to improve data accuracy, and we continually strive to reach 100 percent accuracy. We work with approximately 10,000 lenders and other data contributors across the spectrum of consumer lending, including credit card, auto, mortgage, retail, and fintech, and we have stringent requirements and monitoring programs in place to ensure that our furnishers are submitting accurate information to us.

An important component of accuracy is a consumer's right to review their own credit report and correct errors. With millions of free reports and scores in the ecosystem monthly, consumers have easy and free access to their report information, including through *annualcreditreport.com*, which provides free weekly reports to consumers. Experian has a free online dispute portal, including a mobile-optimized website and app. Consumers can also easily reach us by telephone or mail.

Mr. Chairman, studies suggest that as many as 50 million American adults are unable to access fair and affordable credit, either because they have a very thin credit file or because they are completely credit invisible. We also understand that many consumers, particularly minorities and lower-income individuals, are often under-represented in the credit reporting system.

This is an area where Experian has been at the forefront with the launch of Experian Boost in early 2019. Boost allows consumers, for the first time, to safely and easily opt-in to having proven payment information, like utility, cellphone, rent, and video streaming services, included directly in their credit report, which can improve their credit score.

In January 2022, we also launched Experian Go, a ground-breaking feature that helps consumers who are credit invisible to establish a financial identity with Experian so they can begin building a credit history.

Since its launch, more than 12 million consumers have come to Experian Boost to improve their credit score, and 130,000

consumers have used Experian Go to establish a financial identity. The results are notable. We estimate that consumers have been able to access billions of dollars in credit post-Boost, including credit cards, car loans, and mortgages. Experian is also providing access to free credit monitoring, free credit reports, free credit scores, and financial education to more than 65 million U.S. consumers.

Mr. Chairman, I am very proud of the work our employees do every day to help and empower consumers. We would like to continue to work with this Committee to identify other ways we can improve the system for consumers.

Thank you for inviting me to testify, and I look forward to answering your questions.

Chair BROWN. Thank you, Mr. Cassin.

We will begin the questions with Senator Smith, of Minnesota.

Senator SMITH. Great. Thank you, Mr. Chair and Ranking Member, and thanks to all of you for being with us today. I really appreciate it.

Black, Hispanic, and Native American consumers tend to have lower credit scores than their White and Asian counterparts, and this is not necessarily because they are less creditworthy. It is because they are more likely to be among the 45 million Americans that fall outside of the mainstream credit system, those that are considered—I think I heard one of you use this term—credit invisible or unscorable because they do not have enough traditional credit information in their files to generate a conventional credit score.

So Mr. Cartwright, maybe I will direct this question to you. How can we use alternative data, such as rental history or utilities or cellphone or internet payments, to help address this inequity within the credit scoring system?

Mr. CARTWRIGHT. Well Senator, first thank you for the question. It is a hugely important issue and an opportunity for our industry to improve the manner in which we serve consumers and the American financial system. I agree with the points that you have made. In my mind, this falls under the umbrella of alternative information that can be used to reliably establish a consumer's ability and willingness to repay debt.

There are tens of millions of consumers in the United States who have thin credit files or are credit invisible. We know that information, such as rental payments, utility bills, telecommunication data, et cetera, provide a strong signal and prediction of a consumer's financial management behavior, and we would like to gain access to this information, at scale, and create a pathway for these traditionally underserved groups to access the mainstream financial system.

Senator SMITH. So the barrier is getting access to the data?

Mr. CARTWRIGHT. Yes, Senator, that is correct. Each of the bureaus has a degree of access to this information today. However, there is no requirement that the current custodians of this information furnish it to the credit reporting industry. If there were regulation or legislation that required that we would be able to get comprehensive access to this information and accurately add that to the consumer's credit file, and improve financial inclusion dramatically.

Again, we have a history of such innovations in our industry, and we have seen that each time we expand the inclusion of accurate and truthful information, tens of millions of consumers can now engage in credit.

Senator SMITH. So medical debt that has gone to collections affects 1 in 5 Americans, a group that, again, is disproportionately comprised of elderly folks, veterans, low-income people, Black and Hispanic patients. So I am grateful for the step that you have taken over the past year to minimize the impact of medical debt on these groups of folks. However, as you acknowledged when you announced your most recent changes, medical debt is generally not taken on voluntarily, right?

So based on that, patients do not always have the ability to choose providers or to shop around for their care, and the true cost of care might not be readily available or they might not know what that is up front.

So Mr. Begor, maybe I will direct this question to you. Taking all of that into consideration, what value does medical debt really have in determining creditworthiness, and do you think that it should be included at all?

Mr. BEGOR. Senator, we agree with you that the medical debt situation is very complex. Our hospital systems, the billing systems that they have, the insurance systems are some of the most complex out there. You know that the industry, the three credit bureaus, made a proactive move to, number one, exclude all debt for a year, medical debt, to give consumers a chance to sort that out, and then second, to exclude medical debt below \$500, which eliminated about 70 percent of the trade line. So we thought that was a proactive step going forward.

And then we are doing more around ensuring that the medical debt that is contributed is accurate inside of the credit file.

Senator SMITH. OK. As I understand it, when you announced that that medical debt under \$500 would be exempt from credit reports that you noted that this applies to the initial report balance. But depending on the care that folks receive and the providers that take care of them, you could end up with multiple bills that exceed \$500. How would you address that?

Mr. BEGOR. The same thing, Senator. I think it is something we can look further into. We agree with you that the complexity of medical debt is something that needs to be addressed, and we thought that a move on \$500 was proactive. I think there is more we can do to look at the issue.

Senator SMITH. I would encourage you to do that. Thank you. Thank you, Mr. Chair.

Chair BROWN. Thank you, Senator Smith.

Senator Scott is recognized.

Senator SCOTT. Thank you, Mr. Chairman, and Senator Smith, I have something called the Credit Access and Inclusion Act that allows for more information to be added to the system voluntarily, and Mr. Cassin talked about, and Mr. Cartwright has talked about, so I would love to have a conversation with you about the legislation.

I do think there are two ways for us to actually see more access to credit, and one way, I think, is flawed and likely will lead ulti-

mately, long term, to less access because you create a less reliable scoring system. And I think we are seeing that in part from the FHFA Director Thompson, who is departing from risk-based pricing on individual loans purchased by the GSEs, creating a perverse incentive structure that will penalize borrowers who have worked really hard to improve their credit or save for their down payment.

So when you look at ways to water down the credit score in order to create more access, I think ultimately you destroy the very system that I talked about, that I think needs to be objective that needs to be based on the credit risk itself. And there are ways for us to make sure that specifically minority borrowers who are more often than not going to be renting a home, not owning the home, based on the fact that 41 percent of African Americans today own their homes, which means ultimately 59 percent do not, so if you are not including the rent payment, if you are not including beyond credit card payments, the utility payments, the phone bill, the mobile phone bills, there are other ways for us to make sure. And if we are doing those things and adding them in, we are creating a more fair yet objective system.

Mr. Cassin, I know that you talked a little bit about Boost in your opening comments. My question to you is, how is it going, number one, and number two, do you find that the accuracy of the information that is being input is consistent with the same level of accuracy that allows you to still have a fairly objective system?

Mr. CASSIN. Well, thank you, Senator. Yes, since we launched Boost, which was in 2019, we have had over 12 million consumers connect and those that complete the process add additional trade lines to their credit reports, and we do this through a fairly simple process. We gain access to their checking accounts—it is consumer permission, so the consumer opts in to do this. We look for these trade lines and we add them to the credit report, and then we immediately rescore them.

Those who have completed the process have seen an average increase of 13 points to their FICO score, so it has been hugely beneficial.

We have worked with the industry to ensure that it works and that the information is valid to be included, so the scoring systems work. We have worked with all the scoring companies.

So we believe this is a very effective way of actually helping people who have thin credit files, and ultimately also for people who have no credit history. So a very proactive step.

We did take a further step, Senator, more recently with the launch of a product called Experian Go, which is actually targeted at people who have no credit history, so they can establish an account with Experian for the first time. And these kinds of initiatives, we think, are incredibly helpful at addressing that large population of people who have limited or no access to credit, Senator.

Senator SCOTT. Does anyone else want to comment on that topic?

Mr. BEGOR. Senator, I agree with Brian as well as your points around more data results in better decisions. We have some large databases of nontraditional credit data. For example, we have a database of 220 million Americans' cellphone payment records and utility records, and we have recently taken that data and added it to our mortgage credit file. That drives the predictability of the

consumers, particularly those at the lower end of the credit space that have less trade lines. So if you are adding in someone's cellphone bill that they pay every month, it is a predictor that they are going to pay their financial bills on time.

And from that new product we think as many 2.4 million consumers will see a 30-point lift in their credit score by adding those nontraditional data elements in.

We are going after rental data payment, as you suggested. Very complex to collect, as was already pointed out, but we have a big priority around adding nontraditional data sources to expand access to credit.

Senator SCOTT. I know I am running out of time so I will just say this. The use of objective standards is so critically important, and I see this move across the country that somehow we are going to make the lives, specifically of minorities, better by eliminating objective standards in everything—in education, in credit scores—and that, to me, is insulting as an African American, that the only way for me to be competitive is for you to somehow eliminate the thresholds. That is ridiculous. I cannot think of anything more ridiculous than that.

I would say this on this topic—there are lots of things more ridiculous—but not on this topic. I also hope that you all are spending a lot of time investing in financial literacy as a path forward to helping people understand and appreciate the necessity. What you look like on paper might become the most important single factor in how you live your life in the future, as it relates to being credit-worthy. Thank you.

Chair BROWN. Thank you, Senator Scott.

I will take my 5 minutes now.

Thank you for your response to Senator Smith. It was a start, but inadequate, but I want to talk to you more about medical debt. I appreciate your commitment to increasing access to credit overall. I appreciate the \$500 threshold that you are doing, that you are not putting in the reports up to \$500. I appreciate the first year of not reporting, and I appreciate that if the medical debt is paid it is not on the credit report. But I want to talk a little more about that.

CFPB just released a report that found for consumers with under \$500 in medical debt, removing medical debt increased their credit scores by 32 points, that when medical collection is removed from credit reports the total amount of available revolving credit increased by over \$1,000.

My question, starting with you, Mr. Begor, will you commit to removing medical debt above \$500 from credit reports?

Mr. BEGOR. Senator, I think we made a very proactive move with the \$500 decision, that year, and we are focused on accuracy of medical debt, and it is certainly something we will look at in the future and collaborate with your office.

Chair BROWN. You are not willing to commit right now?

Mr. BEGOR. We would like to collaborate with your office on it, Senator, and look at it closely.

Chair BROWN. Mr. Cartwright, same question.

Mr. CARTWRIGHT. Thank you for the question, sir, and thanks for acknowledging the progress that the industry has made in this difficult and sometimes controversial issue.

Senator, I would agree that we should continue to analyze this issue and determine what is the best threshold for including medical debt within the credit record. I think we have to acknowledge that at some level medical debt could become a burden for a consumer to incur even more debt. I think the best outcome is when all the players in the credit reporting system, be it the bureaus, the banks, consumers, and certainly this Committee, collaborate and analyze the information and let the data lead us to the best outcome.

Chair BROWN. So back to the question. To Mr. Begor, you are not willing today, at this hearing, to commit to taking all medical debt off over \$500? You are not willing to commit to that today.

Mr. CARTWRIGHT. Senator, what I am willing to commit to is to apply considerable resources, working with this Committee, to analyze the data and help determine what is the appropriate balance to strike for the financial system.

Chair BROWN. Mr. Cassin, the same question to you.

Mr. CASSIN. Thank you, Senator. It is the same response, Senator. I think we have taken very proactive steps. We agree this is a really important issue. It is also a complex issue. And I think we will commit to working very proactively with your staff to see if we can make any further steps. It does involve a lot of stakeholders. I think it goes beyond just any decision that the three credit bureaus could make themselves.

Chair BROWN. OK. The decision is that working with our staff is the best way to do that, I will reiterate, is a better answer to that question. But, I mean, you all know that—I mean, you have essentially said that. It is not predictive. It has no place. And you have sort of ceded that it has no place in credit reports.

The three of you own VantageScore, as you know. In 2022, VantageScore announced it will no longer include medical debt as part of its credit scoring model because medical debts, quote, “are not predictive of a consumer’s creditworthiness.” That is why I am urging today, and will continue to urge, as Senator Smith urged, that you take all medical debt off of credit reports.

Let me do one other question, then I will turn it to Senator Britt and then Senator Warren.

Tenant screening reports go beyond just credit information. Mr. Cartwright, this question is specifically for you. They include eviction filings, criminal histories, and just like credit reports, these tenant screening reports can have errors. The catch is renters cannot see these reports, as you know, so to get an apartment you are forced to allow landlords to look at reports on you that you cannot even see yourself.

TransUnion is the largest of the three of you. You play the most central role in this. TransUnion is a large provider of tenant screening reports. Should a tenant have the ability to see a copy of their tenant screening report, actually see not just provide consent, when a landlord is using it to decide about renting to them?

Mr. CARTWRIGHT. Senator, TU is committed to making sure that tenant screening data is accurate. The information that we receive

from the several sources that you referenced is generally authoritative and it is very accurate. We have also invested considerable sums in the algorithms and analytics that match this information to the current consumer.

When errors are identified in the system we are proactive, we report this information to the furnishers of that information, and we allow the record to be corrected.

Senator, this screening information, it plays an important role in enabling tenants to get housing opportunities. The data is also an important tool to help property owners expand that opportunity, but also to protect their tenant communities.

So we are committed to full and fair access to the information as provided under Federal law, but we also take our obligation to make sure the data is as accurate as possible very seriously.

Chair BROWN. So you are not saying every tenant should have the ability to see a copy of this screening report?

Mr. CARTWRIGHT. Chairman Brown, consumers are able to see the information that is reported against them, and they are able to dispute it under the FCRA. And again, when errors are identified we report it back to the sources of that information.

So I agree with you that transparency in this process, just as in financial trade lines, is hugely important.

Chair BROWN. So are you saying that—I mean, you are good, your answer. So are you saying that tenants now will see the reports? They will be able to know if they are accurate? They will be able to get them cleaned up when they are applying to rent somewhere, ahead of time?

I mean, you know what has happened here, Mr. Cartwright, that tenants get turned down. They do not really know why. They get turned down at a second place. The potential landlord has seen the reports. The tenant has not. How do we fix that then, if you are not going to more directly, aggressively, proactively get these reports in the tenants' hands, so, one, they understand, and two, they may see errors that they can clean up and then get an apartment that they were not able to get?

Mr. CARTWRIGHT. Well Senator, it is certainly important that the data is accurate. We spend a huge amount of resources to make sure that it is. It is also important that it is transparent under the FCRA. If a consumer is turned down for credit or a tenant is denied a housing opportunity, they need to know the reason, and once they are given that reason they have an opportunity to access the—

Chair BROWN. But do they know the reason now?

Mr. CARTWRIGHT. —information and correct it.

Chair BROWN. Do they know the reason, when the potential landlord gets the credit report, sees something that is disturbing to them, they do not rent to this potential renter? Is that something you are going to fix so these tenants, these prospective tenants can see that information? I understand you are working to make them accurate. I believe all three of you, in our meetings and now, that you are trying to do that, a very complex world. But these tenants, I mean, person by person, is this going to be remedied?

Mr. CARTWRIGHT. Senator, it is difficult for me to speak for all of the practices that are out there in the market. I do believe that

landlords are responsible for communicating the reasons for denying access to housing to applicants, and we would—

Chair BROWN. But they do not. You hope they do. You think they are responsible, but they are not. In many cases they do not tell the tenant. They just say no. Correct?

Mr. CARTWRIGHT. Well again, it is difficult for me to speak comprehensively about the practices out there. What I can tell you is that we believe that it should be a transparent process, and we are, again, happy and willing to commit the resources to work with you to review the rules of the road and refine regulations as appropriate.

Chair BROWN. OK. Well, I hope then the best first step you can take is to support the provision in our bipartisan Eviction Crisis Act to clarify that tenants should be able, in fact, under law, to see their own tenant screening report whenever a landlord is using that report to decide about whether or not to rent to them. So we will come back to you about asking for your very public support for the Eviction Crisis Act.

Senator Boyd Britt, of Alabama.

Senator BOYD BRITT. Thank you, Mr. Chairman. Good morning, and thank you to all three of you for appearing before this Committee this morning.

I want to speak on a subject that Ranking Member Scott brought up, about credit-invisible individuals. Both the CFPB and many of your research—actually, Mr. Cassin, your research team as well—indicates that there is around 26 to 28 million Americans that are credit invisible. Actually, in Alabama, this is personal to me. One-fifth of Alabamians, according to the CFPB, are either credit invisible or have a thin credit file, and for lack of credit history. Research indicates that this is predominantly in low and rural consumers, and they are the ones that are fitting into this category.

One of our bipartisan goals on this Committee is to responsibly increase access to financial institutions and to credit. I want to ask each one of you, given that many of these individuals do not have traditional credit histories, what is your plan to help more Americans no longer be credit invisible or to actually develop their credit history?

And we will just go down the line, and since we are short on time, if you can keep it as concise as possible I would greatly appreciate it.

Mr. BEGOR. Thank you, Senator. We are 100 percent aligned with your goal, and it has already come up in the hearing, around expanding access to credit. It is a priority of Equifax, and we have large databases that are alternative data outside of the credit file. For example, we have records on cellphone utility payment records for 220 million Americans, and we have rolled out a new product, a new mortgage credit file that includes those data elements that will expand credit scores by including those more nontraditional elements.

Senator BOYD BRITT. And are you seeing that help more people?

Mr. BEGOR. For sure, and we are working to bring more data in, rental payment data, for example, the 44 million Americans that rent every month. That is very attractive data, very predictive data

that will improve their credit score. So adding that data is a priority of ours.

Senator BOYD BRITT. Thank you. Mr. Cartwright.

Mr. CARTWRIGHT. Thanks again for the question, Senator, and I agree with you. It is a hugely important issue, and in my opinion it is probably the single biggest issue that this Committee could work on to expand financial inclusion to the mainstream system.

One point I would like to highlight for the Committee is that TransUnion and the credit reporting industry at large adopted what is called “trended” credit information over the past several years. And the difference is that prior to trended credit information we took a snapshot, a point-in-time view of a consumer’s credit information to calculate a score.

Now we look back over history, as much as 3 years of data. That allows us to include consumers who may have fallen off the credit file. As a result, the industry can score tens of millions of consumers that we could not previously, and score with greater accuracy, which is important to bank safety and soundness.

I agree with Mr. Begor that we have got to invest in alternative data. We also, at TransUnion, have a considerable amount of non-traditional credit information that we use in our scoring algorithms, and it expands access to the financial system for American consumers.

Senator BOYD BRITT. Excellent. I hope you will continue to invest in that.

Mr. CARTWRIGHT. We certainly will.

Senator BOYD BRITT. Mr. Cassin.

Mr. CASSIN. Thank you, Senator. This is a hugely important issue for the industry and it is a hugely important issue for Experian. We have been incredibly proactive on this topic.

The first thing that we did some time ago was to make access to Experian credit reports and scores free to any consumer, and we now have over 65 million consumers that access those products directly from Experian, so they can go at any time and get access to lots of products, which give a lot of education around how reports and scores are calculated and how people can improve those.

But we have gone further than that, Senator. We have introduced some specific products which really go to the heart of this issue. The first is called Experian Boost, which I mentioned in response to Senator Scott’s question, and that is really a service which enables consumers, entirely free and entirely optional, to actually add those additional trade lines to the Experian credit file so that they can be included in their credit assessments. And as I said, over 12 million people have connected with Boost, and users who have completed the process have seen an average increase of 13 points to their FICO score. So we think that is a hugely positive development.

The second thing we did was introduce our newest product, called Experian Go, which is actually aimed at those consumers who have no information on the credit file whatsoever, so that they can add these trade lines and establish a financial identity for the first time. And this is a hugely important step in trying to address this issue.

So together I think all of the actions that we have taken, by making all of our products available to consumers for free, by introducing these products which are specifically geared toward targeting this issue, I think we have been the most proactive on this topic, and we will continue to do so to work toward that.

Senator BOYD BRITT. I would agree, you have, and I want to commend you for the work that you have done, and I hope all three of you will continue to make sure that you are intentional in this effort. We have to make sure that more Americans have better opportunities to build their credit file.

Additionally, I want to double down on what Ranking Member Scott said about financial literacy. It is critically important. And if each of you will report to my office what you are doing within your community to help us promote that across the country I would greatly appreciate that as well.

Chair BROWN. Thank you, Senator Britt.

Senator Tester is recognized from his office, perhaps.

Senator TESTER. —I appreciate it very, very much.

Many Montanans have reached out to my office with complaints about difficulties receiving much-needed loans because their credit reports are frozen or suspended. With little face-to-face assistance from CRAs, folks feel that they are being held hostage by the CRAs.

So for all of you, how will you help consumers quickly lift freezes on their credit reports?

Mr. BEGOR. I will go first, Senator, I guess in alphabetical order here. We agree with your point around it is super important to give consumers access to their credit report. As I mentioned, Equifax has invested, over the last number of years, \$75 million to improve that access. We are also expanding the education on our website in order to have consumers better understand what a credit score is, and what a credit report is, and how to improve your credit score.

Senator TESTER. Before we go to the next one. But for the freezes specifically, are you doing anything to help consumers lift the freezes?

Mr. BEGOR. We are, Senator. We are making that process more streamlined. At Equifax we have an online app that is called Lock and Alert, where a consumer can lock their credit file and then automatically unlock that credit file. That is a free product. So it is definitely a priority of ours to make it easier to lift a freeze when a consumer puts it on there.

Senator TESTER. OK. Next.

Mr. CARTWRIGHT. Senator Tester, thank you for the question. I agree, this process needs to be quick and seamless for consumers. Today there are two flavors of the process. A consumer can enact a credit freeze, which is a consumer's right under the Fair Credit Reporting Act. It also takes a bit more time to freeze and unfreeze one's credit through these processes.

TransUnion has also invested and innovated in an app and a credit lock product where consumers can lock and unlock access to their credit instantaneously, and that is what we are striving for. We are striving for a very seamless consumer experience.

Mr. CASSIN. And Senator, at Experian we make it available free to consumers to freeze and unfreeze their credit reports. We have actually just revamped that product. It is available through a mobile-optimized website. We believe it is very easy to do and should be quite intuitive for consumers to do it. And there is assistance to consumers if they are having any difficulty. So this should be a really easy process for consumers to do now.

Senator TESTER. I want to talk about data breaches for a second. They occur, and they occur in all sorts of different arenas, where folks get their identity stolen due to a data breach.

For you, Mr. Begor, can you give me an idea on what is being done to help folks who have had their identity stolen due to a breach?

Mr. BEGOR. We have a process where a consumer that has an identity issue, they can freeze their credit file if they have been a victim of an identity breach. Obviously they have access to free credit reports and can work with our team to really manage their credit exposure if they have been a victim of a data breach event.

Senator TESTER. So I do know about you guys but I get these cellphones, and I get phone calls at the most inopportune times, sometimes when I am asking important people questions, although it has not happened yet today. And they are from telemarketers. They are from folks who want to sell me something that I do not really give a damn if I buy it or not. I should be contacting them. They should not be contacting me. But nonetheless, it occupies a lot of my time and it is a real, genuine pain in the neck, or maybe even a pain somewhere else.

So it is my understanding that folks that are trying to buy homes in Montana have expressed some frustration with an influx of advertisements and loan officers calling them directly after they have pulled their credit reports. Is this being done because you guys are selling this information to third-party entities without their consent, or do they give consent, or are you not selling the information at all to third parties, that are basically in the business of trying to make money, but contacting people that, quite frankly, we would contact them normally, if that was the case.

It is for all of you.

Mr. CASSIN. Senator, I will go first. I think the product you are referring to is called mortgage triggers. It has been around for quite a long time. Consumers do have the opportunity to opt out of that. What happens is, is when consumers apply for a mortgage they get the opportunity to receive other offers. It was actually introduced quite a long time ago in conjunction with people in the mortgage industry, and over a long period of time people have actually benefited significantly from getting better offers in the process.

Senator TESTER. But they have the opportunity to opt out of that?

Mr. CASSIN. That is correct, Senator.

Senator TESTER. That is perfect. Is that a big deal, or it happens just with a phone call, or how is that done?

Mr. CASSIN. No, it is very easy to do, Senator. It may not be known by all consumers, but it is a very simple process to do.

Senator TESTER. How about the other two?

Mr. CASSIN. You can go on the Experian website, and the other bureaus as well. It is actually a relatively simple and straightforward process.

Senator TESTER. OK. Good.

Mr. CARTWRIGHT. Senator, I would like to echo Mr. Cassin's comments. We have similar functionality, opt-out functionality through our different digital products, and they are easy to use. I think I should also mention that TransUnion has some unique capabilities in this area where we can display the brand of an incoming phone call, and we can identify whether that phone call is a so-called "trusted call." And we are rolling these solutions out in the fall.

Senator TESTER. OK. I appreciate that. Mr. Begor.

Mr. BEGOR. Senator, we have the same capability for a consumer to opt out from that marketing.

Senator TESTER. OK. I appreciate it, guys. Thank you very much. Thank you, Mr. Chairman.

Chair BROWN. Thank you, Senator Tester.

Senator Fetterman, of Pennsylvania, is recognized.

Senator FETTERMAN. Thank you, Mr. Chairman, and gentlemen, I want to be clear that I am not putting you on the spot here. We just had some research that my team has come up with, and there appears to be a systematic bias in credit reporting. About 5,000 adults, more than half of Black Americans report having low or no credit score, Hispanics 41 percent, Whites 37 percent, and Asian Americans 18 percent. And again, is that something that perhaps might sound accurate to you right now?

Mr. BEGOR. Senator, there is a large population, too large, in the United States that have no credit score. Our math is that about 20 million Americans are not in the formal credit file. There are another 60 million Americans that have very few trade lines that are generally not scorable. So it is a large population. A big priority of ours is to use alternative data to help them get access to credit and develop a credit score and a credit report.

Senator FETTERMAN. So you do not believe that there is an issue then?

Mr. BEGOR. No, Senator, I agree completely. It is one of our priorities to focus on access to credit. We think it is a big issue, and it is one I know the Committee is focused on, and we are 100 percent aligned with the issue, and we are focused on using alternative data to address it.

Senator FETTERMAN. OK. Well, are there any trends or patterns that you noticed about race and credit reports at all?

Mr. CASSIN. Well, Senator, perhaps I can add to that. Credit reports are not allowed to include any information, you know, protected characteristics, race, religion, ethnicity. So the reports are completely blind to those factors.

I think what we are talking about here is the issue we discussed which is one of underrepresentation across many communities, and we do agree that is an issue. And as we have said in answers to questions from Senator Scott, that we believe that we have been very proactive in trying to address this issue, and we believe there is more we can do, and we will be very focused on making sure that we can improve access for everybody across the United States.

Senator FETTERMAN. Thank you.

According to the FTC, active service members and their families are nearly three times more frequently victims of digital theft than other U.S. adults. You know, what are you able to do to protect the credit for all military families, both active duty and non-active duty, including the National Guard and Reserve from, say, higher-than-average financial fraud, particularly cybercrime?

Mr. CASSIN. Well, Senator, perhaps I can answer on behalf of Experian. We make our credit reports and scores free to all active service men and women and their families. So it is entirely accessible to them all the time.

Mr. CARTWRIGHT. Senator, TransUnion does the same, and I think it bears repeating that at the beginning of the pandemic, as an industry, the credit bureaus went from providing consumers with one free credit report a year to one free credit report per week. And I think that is critical because we want consumers, and we certainly want active military personnel to be able to access their credit information and to benefit from free monitoring products.

Mr. BEGOR. And Senator, the same with Equifax. You know, we have a program where the active service members have access to that information, and it is a priority of ours to support them.

Senator FETTERMAN. And my last question. Transgender and nonbinary consumers face a myriad of credit reporting problems, if they change their names, including fragmented reports, among other issues. These problems can have devastating consequences. What steps have any of your agencies taken to prevent credit reporting problems for members of this community?

Mr. CARTWRIGHT. Well, Senator, if I could start, the issue you raise is a very serious issue, and it is why, you know, at TransUnion, and we in the industry, we match consumers to credit records using a wide variety of criteria. There are often name variations. We have also got to look at Social Security numbers and phone numbers and a variety of addresses, and again, a broad range of criteria that ensure a high degree of matching accuracy.

Mr. BEGOR. Similar, Senator. At Equifax we are focused on making the process, when a name change needs to take place, to make that seamless and easier for that individual to complete.

Mr. CASSIN. And Senator, just to complete, it is the same at Experian. We are doing similar processes.

Senator FETTERMAN. Thank you all. Thank you.

Chair BROWN. Thank you, Senator Fetterman.

Senator Warren, of Massachusetts, when she sits down, is recognized for 5 minutes.

Senator WARREN. Thank you, Mr. Chairman.

So the three of you who are testifying here today are the CEOs of the largest credit reporting bureaus in the Nation. Your companies determine the creditworthiness of just about every person in our country, and you make money by collecting and selling information about an individual's past success in repaying their debts, the amount of money that they owe, and other factors that you claim predict the likelihood of repaying their debts going forward.

So credit reports that you produce have big consequences for people's lives. If someone's credit report drops by, say, 25 points, they could have a rental application turned down, they could be charged

a higher price for a car loan, they could pay more for insurance, or they can even miss a chance at a new job. So it is really important that the data is right.

Last year, over 100 million Americans had medical debt. CFPB research shows that medical collections are less predictive of consumers' future delinquency rates than nonmedical debt collections, and research by FICO finds that medical collections that have been paid—this one really gets me—the ones that have been paid are even less predictive of consumers' creditworthiness than unpaid medical collections.

So Mr. Begor, you are the CEO of Equifax. Do you agree with the research showing that medical debt collections are not as good at predicting the likelihood of default as other kinds of debt like car loans, mortgages, and the like?

Mr. BEGOR. Medical debt is a very complex topic, Senator. A lot of medical debt is not taken on willingly by consumers, so we appreciate the complexity of the medical debt as a complex—

Senator WARREN. That is not what I am asking you. I understand that it is complex. The question I am asking is its predictive value compared with, say, car loans, mortgages, and paying rent.

Mr. BEGOR. It still has a predictive value, and the Senator knows that we took a proactive action to exclude medical debt under \$500 as well as excluding—

Senator WARREN. I understand what you have already done. I will ask my question for a third time. Is it less predictive than other forms of paying your bills?

Mr. BEGOR. It is still a predictive element in paying bills.

Senator WARREN. Is it less predictive than other forms of paying your bills?

Mr. BEGOR. I do not have that information available to me.

Senator WARREN. You do not have that information available? Are you kidding me? You are the head of one of the biggest credit reporting agencies in the country, and you do not know the relative predictability of one of the major forms of debt that you report on?

Mr. BEGOR. Senator, as I said—

Senator WARREN. Really? You expect me to believe that?

Mr. BEGOR. Senator, as I said, we still believe it is predictive. We are continuing to look at it.

Senator WARREN. That was not the question. If you can say that it is predictive then I am shocked that you do not know how predictive it is compared to other forms of debt collection.

Look, the reason that medical debt is a poor predictor of creditworthiness is our medical system is a mess. Most hospitals charge you one price, they charge insurance companies another, so medical bills are often a moving target. Bills are routinely sent to the wrong party. Often a patient cannot even figure out what it is in terms of supplies or services that they are being billed for.

Studies, which I assume you would have read, show that as much as 80 percent of medical bills contain errors. The CFPB found that, quote, "many medical bills reported on credit reports are disputed, inaccurate, and not owed," end quote. Some debt collectors have even stopped reporting medical bills to your companies because the data is so bad that they worry that they may be violating Federal consumer protection laws by reporting it.

Last year, your companies made changes in how you handle medical debt, and those changes were good, but you fixed roughly about half the problem. Nearly half of the roughly 38 million people with medical debt on their credit reports will be left in the same position as if your companies had done nothing. The CFPB has said that it will continue to assess whether unpaid medical debt should remain on Americans' credit reports at all.

So, Mr. Begor, let me ask you this. If the CFPB were to conclude that data on medical debt is so full of errors that it does not belong on credit reports, would you support all credit reporting agencies removing it entirely?

Mr. BEGOR. We are certainly prepared to collaborate with the CFPB—

Senator WARREN. That is not the question I asked you. Do you want me to repeat the question?

Mr. BEGOR. No, that is not necessary, Senator. We would certainly support that.

Senator WARREN. All right. Thank you. Mr. Cartwright, what about you? If the CFPB concluded that this data was so problematic that it does not belong on credit reports, would TransUnion remove medical collections from consumers' reports?

Mr. CARTWRIGHT. Senator, we would work with the CFPB—

Senator WARREN. That is not the question I asked. I am not asking you whether or not you want to work. I am saying if they conclude that the data is so problematic that it does not belong on credit reports, would TransUnion remove those data from consumers' reports?

Mr. CARTWRIGHT. Senator, to be clear, the CFPB is our regulator, and if they were to direct us to remove the remainder of information, because the actions we have taken voluntarily have removed 70 percent of consumer debt from the record, but if they directed us to do so we, of course, would comply.

Senator WARREN. All right. But I asked you a different question. The question I asked you is just a factual one. If they conclude that the data are so bad that they should not be listed on credit reports—I am not asking whether or not if they go ahead and put an order in place. If you had that information—Mr. Begor claims not even to know how bad medical debt reporting is—if you had that information from the CFPB, would TransUnion stop reporting it?

Mr. CARTWRIGHT. Senator, we are committed to accurate and complete credit reporting of predictive—

Senator WARREN. So if the Federal Consumer Protection Agency said, "These data are so inaccurate they should not be on credit reports," would you then remove them from the credit reports? It is a simple question, Mr. Cartwright. If you had this information from a Federal regulator, would you use that information in order to get rid of these data, take it off the reports?

Mr. CARTWRIGHT. We would certainly act appropriate, and Senator, in the circumstance that you outline—

Senator WARREN. I am asking you. You are the CEO. Is it appropriate then to just take it off?

Mr. CARTWRIGHT. Yeah, I find it difficult to believe that the CFPB would not issue guidance on the matter if that were indeed the results of their analysis.

Senator WARREN. So you are going to wait to be ordered. That is what you are saying? You do not do anything unless you are ordered to do it?

Mr. CARTWRIGHT. What I am saying, Senator, is that we are a data-driven, analytic company—

Senator WARREN. Mr. Cassin, I am past my time. Let me turn to you. Would you support removing medical collections from Experian's credit report if the CFPB concluded that the data were so problematic they should not be on credit reports?

Mr. CASSIN. I understand the nuance of your question. I think, the first thing point I would say is if obviously CFPB directed it to us, of course we would comply with that. If the CFPB concluded that it was so problematic and that the industry also agreed that there was not an issue in removing that data from credit reports, then we would do so, too. But I think it is a complex issue, Senator, and I think it needs to be looked at in the broad.

Senator WARREN. You know, I apologize to the Chair for running over, and I understand that the credit reporting agencies are just the last link in a very problematic chain of actors, that hospitals and health systems and insurance companies and medical credit card issuers are all profiting from a business model of bogus and even illegal healthcare charges. And I would like to see those CEOs in front of us as well.

But credit reporting agencies are the ones who turn all of that bad data into real pain for American consumers. You are the ones who cost them real money, more than just those bills, in every part of their lives. And it is time to start holding every link in this chain accountable, and that includes the credit reporting agencies.

Thank you, Mr. Chairman.

Chair BROWN. Thank you, Senator Warren.

Senator Britt is recognized for a second short round of questions, I believe.

Senator BOYD BRITT. Thank you. As you know, we had a hearing yesterday over the challenges of our housing industry. Many of the affordability issues in our housing industry come from record-high inflation that is crushing American families across the board. Rising prices have cost a typical household here in the United States over \$10,000 since President Biden took office.

I agree with Ranking Member Scott that we must expand home ownership to more Americans. Home ownership is especially central to families seeking to build intergenerational wealth and achieve their American dream.

Mr. Begor, you talked about different ways additional and alternative data that you all were using to help in this area. Can you talk specifically about how you are working to assist more credit-worthy families to accomplish the goal of home ownership?

Mr. BEGOR. Thank you, Senator. We are very aligned with that goal around expanding access to credit and taking the credit invisible and moving them into the formal financial environment through the use of our alternative data and our technology. And one great example is a new mortgage credit report we rolled out

a few weeks ago, where we are adding cellphone and utility payment data that will expand that credit file and result in as many as 2.4 million subprime consumers increasing their credit score by 30 points. So we are focusing on using alternative data to expand access to housing, the housing market.

Senator BOYD BRITT. Excellent, and I hope that you all continue to do that across the board.

As you know too well, there have been increasing trends of pressuring credit reporting agencies to remove certain data from their reports. The accuracy of data you collect is used for fair pricing and access to credit for hundreds of millions of people. If we continue down the path of removing all different types of data from credit reports, I would like for each of you to speak to some of the potential consequences that that might create.

Mr. Cartwright, go ahead.

Mr. CARTWRIGHT. Well, Senator, if I can begin the discussion, at the outset, Ranking Member Scott talked about an era in financial services in this country where loan determinations were influenced by relationships, by community standard, by prior practices. It has been an enormous innovation, to the benefit of consumers, to have comprehensive and accurate and objective information reported at scale to the reporting agencies, so now the decisions are data-driven and they are unbiased.

I feel like having a truthful and comprehensive record at the foundation of lending decision is critical. Nobody wins if the data is inaccurate. Nobody wins if the data is somehow cherry-picked or gerrymandered for a particular outcome. Our role is to be the custodians of this information, to ensure that it is accessible to consumers, and to ensure that they have got a fair process to review and dispute the information if it is inaccurate.

But more information and information transparency, it drives better outcomes for consumers.

Senator BOYD BRITT. Mr. Cassin.

Mr. CASSIN. Yes, thank you, Senator. I think we touched upon this issue, and I think a perfect example would be, for example, Experian Boost, where we have given millions of consumers the opportunity to add additional data to their file. And the result of that is actually that they get access to better credit and more affordable credit.

So really, the solution to this issue is to provide more data, not less, more accurate reflections of how consumers have repaid obligations on time, and to give consumers credit for that.

I would add, Senator that we have also a lot of examples from across the world of different systems, and systems which have less information generally perform much, much poorer than systems which have more information. In the United States, we have one of the most competitive and dynamic credit economies in the world. Lots of countries seek to emulate that. And where we have less information it is generally worse outcomes.

Senator BOYD BRITT. The more information we have, it limits and mitigates the risk. Correct?

Mr. CASSIN. Correct.

Senator BOYD BRITT. OK. Mr. Begor.

Mr. BEGOR. Senator, I would agree. More data results in better decisions for U.S. consumers, and complete and accurate data is what our financial and credit ecosystem is built on. And I would agree with your comment as well as Brian's that the U.S. credit system is the envy of the world, with the scale of our information, the depth of information that we have, and the access to credit that consumers have, but there is still so much more we can do around adding alternative data to really help those consumers that are not in the formal environment, and move them into it.

Senator BOYD BRITT. Absolutely. Yes.

Mr. CARTWRIGHT. And Senator, if I could add one last point. Adding rental payment to the credit files, at scale, would materially drive home ownership in this country. If a consumer can make their rent payments consistently, they can make their mortgage payments, and if they qualify for a mortgage they can start to build generational wealth, as you pointed out.

Senator BOYD BRITT. Absolutely. And in conclusion, if there are potential CFPB announcements coming down the pipe I hope that those will be done in accordance with the notice and comment process that is required by law, and I hope you will all consider reliable, risk-based data, including all types of debt. As you know, they are important to the work that you do. The more data that we have, the more people have access to credit.

Thank you for being here.

Chair BROWN. I thank the three of you for being here today. I appreciate your testimony, your commitment to work with this Committee. The Committee will ensure that you all do better, as you promised, and produce more fair and accurate credit reports for consumers.

This is, I believe, the first time ever that the CEOs of the three large credit reporting agencies have been in front of this Committee, or I believe in front of Congress at all. This has been helpful today. This will not be the last time we do this.

We talked a lot today about financial inclusion and access to credit. I want to reiterate that one important way to achieve this goal is to remove all medical debt from credit report. You heard every Senate Democrat in this room ask you about that, with passion, about how important that is. I do not think your answers were very direct.

I think you know that medical debt is not predictive. We talked about a whole lot of reasons for that. I think you know that when medical debt is removed from credit reports, according to CFPB, the total amount of available revolving credit increased by over \$1,000. You know what that means to low-income people. What you just said, Mr. Cartwright, about people creating generational wealth, if medical debt is removed, from a car accident or unexpected illness, as illness usually is, you know this will provide more people an ability to buy a home and build that equity and build that generational wealth. I could see from your answers you intuitively, all three of you, understand what that could mean.

I mean, you do not meet, personally, a whole lot of low-income people, I assume, in the United Kingdom or Atlanta or Chicago. CEOs rarely do. Senators rarely do, unfortunately. That is part of the problem with this place. But you know you will make the lives

of a number of moderate- and low-income people who are struggling, better if you remove the medical debt. It increases credit scores by 32 points. That clearly is significant in the lives of a lot of people.

If you want to increase financial inclusion and critical access I again urge you, urge you, urge you, as so many up here did, to remove medical debt from credit reports.

For Senators who wish to submit questions for the hearing record, those questions are due 1 week from today, Thursday, May 4th. To the witnesses, please submit your responses to questions for the record no more than 45 days from the day that you receive them.

With that, the hearing is adjourned. Thank you.

[Whereupon, at 11:25 a.m., the hearing was adjourned.]

[Prepared statements, responses to written questions, and additional material supplied for the record follow:]

PREPARED STATEMENT OF CHAIR SHERROD BROWN

The three witnesses today determine the financial futures of every American. Equifax, Experian, and TransUnion are the biggest credit reporting agencies. You have tremendous power over people's lives.

The information you collect and put in people's credit reports determine whether people can get a mortgage or buy a car; what interest rate they pay; what credit cards they can get, at what rate; whether they'll get insurance and what they pay for it; whether they'll be able to rent an apartment; whether they'll be accepted for a job.

These companies are not just keepers of consumer data. They essentially manage—or mismanage, as the case may be—Americans' financial reputations.

When your reports matter this much, with consequences this drastic, it's important you get them right.

It is vital that these reports contain only information that's useful and fair and, above all, accurate.

In 2017 when Equifax experienced a massive data breach, the American public was shocked to find out exactly how much credit reporting agencies are involved in their lives. The company compromised the personal information of more than 147 million consumers—including their Social Security numbers.

Millions of people were forced into a crash course on how frustrating it can be to deal with credit reporting companies when they make a mistake.

They had to place a credit freeze, they had to request their credit report, they were told to constantly monitor their information for inaccuracies.

People are busy enough with their kids and their jobs and their lives—they shouldn't have to spend that kind of time, because some company they've never heard of screwed up.

The data breach affected millions of people at once and got a lot of attention. But that was far from the only case of costly mistakes by your companies.

Today, credit reports are riddled with errors.

According to a Federal Trade Commission study, 1-in-5 consumers had errors in at least one of their three credit reports, and 1-in-20 had errors that affected the likelihood of receiving credit or affected the credit rate.

More than 200 million Americans are in the Experian, Equifax, and TransUnion credit reporting system. That means that potentially 40 million consumers have errors on their credit reports.

In a 2022 report, the Consumer Financial Protection Bureau also found that Equifax, Experian, and TransUnion routinely failed to adequately respond to consumers with errors in their reports.

After this report, the three credit reporting agencies instituted some reforms to better respond to consumer complaints about errors on their credit reports.

It's an important, though long overdue, first step.

But errors like mixed files, where the information of a different consumer appears on a credit file, are still far too common.

Mixed files are such a pervasive problem that, in 2015, 30 Attorneys General settled a lawsuit with the three credit reporting agencies over this problem. Among other reforms, the credit reporting agencies were required to establish minimum standards for matching criteria and reducing mixed files.

And it's more than just mixed-up files. Some people—still very much alive—are declared dead. They have their identity stolen. The list goes on.

Errors are also introduced into this system by what are called "furnishers," companies supplying information to the credit reporting agencies.

Debt collectors are some of the worst offenders when it comes to supplying wrong information.

The CFPB found that, even though debt collectors supply just 13 percent of the accounts to credit reports, they are responsible for 40 percent of the disputes on credit reports.

Americans can be dinged on their reports for debts they do not even owe.

It's not just errors that do not belong on credit reports.

Medical debt in particular has absolutely no place on credit reports.

In 2022, in the United States, an estimated 43 million Americans held \$88 billion dollars of medical debt on their credit reports.

Low-income families, Black and Hispanic households, veterans, and older Americans are hit particularly hard.

But medical debt can happen to anyone. It doesn't matter if you do everything right.

Anyone can get sick. Anyone can get in a car accident. It has nothing to do with your ability to pay your bills—or it shouldn't.

Medical debt does not correlate with credit risk—it correlates with illness.

No one should have their financial future destroyed because of a medical emergency, or a sick family member.

It's why I am asking your companies to stop putting medical debt on these reports. And after increasing scrutiny and pressure, 1 year ago, Equifax, Experian, and TransUnion all announced they would significantly change how medical collection debt is reported.

One of the major reforms announced is the removal of all medical debts of \$500 or below from credit reports.

This is a positive first step, but it is not enough.

If you have \$1,000 in medical debt, you're no less creditworthy than someone with \$500. It stems from the same problem—someone in your family or you got sick.

The CFPB found that the remaining medical debt on credit reports will disproportionately belong to consumers living in majority minority and lower-income neighborhoods.

Your companies also provide tenant screening services—another way you have tremendous power over people's lives . . . and another way your errors can have disastrous consequences.

When tenant screenings turn up erroneous eviction filings, people can't rent a home.

And because tenant screening reports aren't as available as regular credit reports, renters may cycle through rejection after rejection, without ever knowing there's an error.

After pressing the CFPB to address these errors in tenant screening reports, I was glad to see the CFPB and Federal Trade Commission announce a Request for Information on how background screenings, like tenant screening reports, affect renters' ability to obtain housing.

Just yesterday, this Committee held a hearing about the challenges Americans face affording housing. In a highly competitive housing market, inaccurate data mean renters lose out on a home.

It's hard enough for Americans to get a foothold in the middle class. The last thing workers should have to contend with are careless mistakes from companies that have too much power over some of the most important aspects of their lives.

It is vital that the reports that your companies issue be accurate, not include medical debts, and that errors be fewer and correctable.

I don't think it's a lot to ask.

PREPARED STATEMENT OF SENATOR TIM SCOTT

Thank you to the witnesses for being here with us this morning. Such a really important topic, one that we've worked on for the last 5 years of my time in the Senate, making sure that we have access to the best credit we can get based on someone being creditworthy.

I say that because I look back at my own family's history back to the 1920s and 1930s when my grandfather was growing up in the Jim Crow South, where getting a loan had more to do with your relationships, not to do with your credit worthiness. And so when we move towards a model that allows people to access credit based on their relationships, it can sometimes lead to discrimination. But when we have an objective standard that is applied to everyone fairly and consistently, the Nation is a better place. Accessing credit, accessing the American Dream through home ownership is more realistic based on your creditworthiness.

My story continues in a very similar direction as my grandfather's did. In the 1990s when I was starting my small business, I went to a bank and had a conversation with a banker about assets versus liabilities, and at that point, my best asset was a 1990 [Nissan] 240SX that had 253,000 miles on it. Not necessarily the definition of an asset, but I tried to use it to borrow some money against it, and the bank rightly laughed me out of the bank.

But I did develop a relationship where we had an opportunity to look at my very light credit score. I didn't have much credit at all. And so that works against you when you're trying to start a new small business. And if you need a revolving line of credit, banks are less likely to loan against no assets—the ability to come back and forth to the same institution. So that is a challenge. But the more I worked with a banker to appreciate building that credit score, understanding the principles that are so important to American prosperity, I was able to achieve my goal of opening my first Allstate insurance agency with the help of a friend who put some money into the business as well as a bank that finally concluded that I was an appropriate risk.

That situation today manifests in different ways, in that the credit score now impacts your rates and your insurance business. And having been in the business of insurance, your auto insurance, your home insurance—not just your loans—are literally decided by your creditworthiness. And because of that, I think we have to do everything in our power to make sure that as we head towards and continue to make progress on our risk-based method, it takes the subjective nature out of lending that relied only on relationships, reputation, or word of mouth, and in turn created, in my opinion, a fairer, objective measure of creditworthiness, increasing access to credit, and frankly, making it more inclusive as well.

This is so important because with hard work and responsible financial decisions, anyone can develop and improve their credit score and obtain access to credit in a manner that represents their financial opportunity. Increasing taxpayer-backed risk in the housing market as this Administration's economic policies push us toward a recession is anything other than "equitable."

At the same time, the CFPB has the audacity to announce it's exploring new avenues of regulatory overreach on whole numbers of different issues, ranging from data privacy to late payment fees, despite the fact that the agency itself experienced a data breach exposing the information of more than 250,000 Americans and then [hid] that breach for several weeks. [It's] so amazing how tirelessly this Administration works to put dollars on the sidelines instead of in taxpayers' pockets. I look forward to getting answers and holding Director Chopra responsible. At the end of the day, the data that lenders use becomes less secure, [and] less reliable and predictive. It will simply result in higher rates and fewer loans made to people at the margins of the credit box, people just like me. Yet another example of the Biden administration's policies hurting the people who can afford it the least.

However, there is good news. American innovation and free market competition are creating new avenues towards prosperity. As technology develops and lenders are able to use new or alternative sources of data to better predict the risk of default, "credit invisible" Americans will increasingly be able to participate in our financial markets, and that's really good news. Common sense and technological innovation [have] the potential to bring an estimated 50 million Americans with thin or no credit files into the financial system—a goal I have been working on, as I said at the beginning, for years.

My Credit Access and Inclusion Act, the Building Credit Access for Veterans Act, and finally, the Credit Score Competition Act, which was signed into law in 2018, are all designed to allow for the use of new, reliable, predictive data in our system. As we push forward with these improvements in technology and new sources of data, which are already showing promise at making our markets fairer and more accessible, we should also consider what guardrails may be needed to ensure responsible growth and consumer protection.

I look forward to hearing from the witnesses today on this really important topic and look forward to asking you some questions, as well.

PREPARED STATEMENT OF MARK W. BEGOR

CEO, EQUIFAX INC.

APRIL 27, 2023

Chairman Brown, Ranking Member Scott and distinguished Members of the Committee, thank you for the opportunity to be here today. I am Mark Begor, and since April 2018 I have served as the Chief Executive Officer of Equifax. Over the past 5 years, my focus has been to build a New Equifax with a corporate culture that values and supports consumers, customers, and our communities and that is governed by a commitment to industry-leading cybersecurity practices for the protection of data in our stewardship. I recognize the important role Equifax plays in the financial lives of consumers and I take this responsibility very seriously.

Our company's purpose is to help people live their financial best, and Equifax strives to put consumers first and support economically healthy individuals and financially inclusive communities. Putting consumers first and supporting financial inclusion is at our core, and Equifax is committed to helping people and small businesses access useful and affordable financial products and services that meet their needs—including payments, savings, credit, insurance and Government benefits—delivered in a responsible and sustainable way. We know that every financial first—whether it's a first job, college education, bank account, credit card, car loan, apartment lease, small business loan, Government benefit or mortgage—can spur positive economic change. To help power more of these financial firsts, Equifax has invested billions of dollars into unique data, verification insights, fraud reduction tools,

powerful modeling techniques and industry-leading, cloud-based technology solutions that empower our customers to bring greater access to financial opportunity to more people in more places.

Today, I would like to discuss our commitments in a number of critical areas: promoting financial inclusion through Equifax innovation and differentiated data, being consumer friendly at every touchpoint, ensuring that our data is as accurate as possible, using data responsibly, and keeping the data entrusted to us secure and helping our customers innovate faster with more comprehensive insights into the people and communities they serve.

Equifax Is Using Its Differentiated Data To Expand Access to Credit for More Consumers

We know we play a critical role in the financial ecosystem of the United States. Last year, we helped 13.4 million people secure a mortgage or home equity loan, 31.1 million car buyers obtain a loan, 100.1 million people get approved for a credit or retail card, and 8.2 million students access a loan to further their education. We also fulfilled 45 million verifications to support the administration of Government assistance programs. While traditional credit data remains a strong indicator of credit history and past financial reliability, we know that one of the keys to responsibly expanding consumer access to credit and supporting a more inclusive economy is leveraging expanded Fair Credit Reporting Act (FCRA) compliant information that is not traditionally included in a credit report.

We constantly look for ways to continue to expand access to underserved consumers who may not have access to mainstream financial services products. About 80 million U.S. consumers are either credit invisible with no credit file or have a thin file which limits their access to the formal financial marketplace. Our research shows that leveraging alternative data sources could help these consumers become scorable or obtain lower cost financial products, and we are committed to making that happen. For example, we recently became the first in our industry to provide telecommunications, pay TV and utilities attributes to the mortgage industry to help streamline the mortgage underwriting process and provide a more complete picture of consumers' financial profiles. The majority of American adults have at least one utility or cell phone bill in their name. Delivering these telecommunications, pay TV and utilities attributes to mortgage lenders alongside traditional credit reports can help create greater home ownership opportunities for more than 191 million U.S. consumers, 80 percent of whom have traditional credit files but who may benefit from additional insights into their financial profile. Using this additional data could raise the credit scores of as many as 2.4 million subprime consumers by an average of 30 points, moving them into the near-prime score band and potentially enabling them to receive more favorable offers or rates.

We are further promoting financially inclusive lending with the recent launch of OneScore, a unique new consumer credit scoring model that combines traditional credit history with telecommunications, pay TV and utility payment data on over 191 million consumers, as well as Equifax DataX and Teletrack specialty finance data on 80 million consumers—including payment history from nontraditional banks and lenders. The power of this combined data has the potential to increase credit scores by up to 25 points and the scorable population by more than 20 percent. Powered by advanced analytics and machine learning, OneScore is able to score an estimated 8.8 million more credit-seeking consumers than when compared to traditional scoring models. In addition, approximately 15 percent—or 6.3 million—more applicants that are considered subprime, no hit or thin file could be approved for a near prime or prime financial product without increasing risk when OneScore is used in combination with a traditional risk score.

We are continuing to invest in alternative data that supports financial inclusion and expands access to credit by dedicating more resources to the reporting of renters' on-time housing payments. Recent studies have shown that approximately 44 million households rent their home or apartment and that 30 percent of the median U.S. income is required to pay the average rent, making rental payment reporting an important but under-utilized tool in building the credit history of credit thin or credit invisible consumers. We are partnering with the Credit Builders Alliance, a nonprofit network that connects equity-focused nonprofits and credit bureaus, to help housing providers develop and implement rent reporting initiatives and we are strengthening our partnerships with rent aggregators to enable landlords to report rental payments, as well as exploring opportunities to expand the inclusion of consumer-permissioned rental data in credit files. In addition, through the Equifax Foundation, we are partnering with organizations in Atlanta and St. Louis that provide financial empowerment services to underserved consumers in low-to-moderate-income communities as a means of decreasing the racial wealth gap. Equifax under-

stands that poverty and lack of generational wealth can adversely affect a person's entire lifetime as well as the lives of future generations. Building financial capability is a critical step to establishing individual financial health and generational wealth that can change the trajectory and livelihood of families and communities. All of these initiatives are aligned with our purpose of helping people live their financial best.

Equifax Is Striving To Be Consumer Friendly at Every Touch Point

In addition to our efforts to expand access to credit, Equifax is taking strong steps to be more consumer friendly at every touch point. Over the past 5 years, we have invested over \$75 million to make it easier for consumers to interact with us, including accessing their credit report or credit score online and making Spanish-language credit reports available online and by mail.

We are improving the overall experience that consumers have with Equifax by ensuring that our written communications are in plain language; we have added tools like video clips to our website to help consumers navigate the dispute process; and we have made it easier for consumers to both manage their disputes online and track their dispute through the process. We are committed to correcting errors on consumer credit reports quickly and transparently and are working with our colleagues at the other nationwide consumer reporting agencies (NCRAs) to improve our shared backend data furnishing processes to further limit errors.

To further support the financial health of consumers, we have improved the MyEquifax consumer portal, which offers free consumer credit reports and free credit scores each month as well as access to new financial offers and services, helping to simplify processes like finding auto loans. About 17 million people have leveraged the services offered through MyEquifax since its inception. Additionally, we have made it a focus to strengthen our educational web material. In 2022, we published 50 percent more articles and videos to our online Consumer Knowledge Center, with new content published two-to-three times per week. This Consumer Knowledge Center now contains more than 350 educational resources on topics ranging from how credit decisions impact credit scores to identity theft.

We also work collaboratively with the other NCRAs to support consumers. During the COVID-19 pandemic Equifax, along with Experian and TransUnion, expanded the offering of free credit reports to consumers each week, so that when times were uncertain and payment plans were being offered, consumers could make sure arrangements they negotiated were appropriately reflected in their credit reports. We believe this helped people focus on their personal wellbeing, health, and families throughout the pandemic. These reports remain available free of charge through the end of 2023.

The NCRAs further collaborated on the reporting of medical collection debt on consumer credit reports with the understanding that most medical debt is generally not taken on voluntarily. Effective April 2023, medical collection debt with an initial reported balance of under \$500 has been removed from U.S. consumer credit reports. With this change nearly 70 percent of the total medical collection debt tradelines reported to the NCRAs are now removed from consumer credit files. This announcement follows the changes that we jointly made in 2022 to remove paid medical collection debt from U.S. consumer credit reports and to increase the time period before unpaid medical collection debt appears on a consumer's report from 6 months to 1 year,¹ giving consumers more time to work with insurance and/or healthcare providers to address their debt before it is listed on their credit file. All of these actions are aligned with our goal of putting consumers first.

Equifax Is Ensuring That Our Data Is as Accurate as Possible

Another element of our focus on consumers is ensuring that we maintain the most accurate data possible. This effort requires strong data stewardship. Even a single error on a consumer's credit report is one error to many. It is a personal priority for me that consumers trust their credit reports to contain the most accurate and complete data possible.

The NCRAs operate under a robust regulatory environment governed by the Fair Credit Reporting Act² (FCRA) and subject to the jurisdiction of the Federal Trade Commission, Consumer Financial Protection Bureau, State attorneys general, and State banking regulators. Under the FCRA, consumer reporting agencies, as well as

¹The March 2015 National Consumer Assistance Plan (NCAP) announced after the nationwide consumer reporting agencies reached agreement with over 30 State attorneys general required the removal of all medical debt that had been reported but was later paid by insurance companies. NCAP also prohibited the reporting of medical collection debt for at least 180 days.

²15 U.S.C. §§1681, et seq.

data furnishers and users of consumer reports such as banks, must meet stringent requirements regarding accuracy and permissible use of the data. If a consumer disputes the accuracy of any information in their credit report, for example, consumer reporting agencies are required to conduct a reasonable reinvestigation within statutory timeframes.³ Additionally, Equifax monitors data furnishers to ensure they are meeting Equifax's and industry standards. If a data furnisher is not compliant, Equifax will implement a remediation plan and ultimately terminate the data furnisher if the issues are not corrected. We believe our procedures meet our statutory obligations and we will continue to strive for the highest possible levels of accuracy to benefit consumers and the lending institutions that rely on this information to offer fair and affordable financial products.

Consumers may submit disputes through mail, over the telephone, or through our online channel. In the event of disputed accuracy of an item on a credit file, Equifax conducts a reinvestigation that includes working with the identified data furnisher if appropriate to determine whether the disputed information is inaccurate. Communications between Equifax and the data furnisher are conducted through an online web service called the Online Solution for Complete and Accurate Reporting (e-OSCAR). Once the data furnisher completes its investigation and returns those results, Equifax will make necessary updates to the credit file, if any, and communicate those results to the consumer. Equifax will also send notification back to the data furnisher confirming any credit file maintenance actions that may have occurred.

I am driving further industry-leading enhancements to our accuracy program in the areas of automation, communication, and proactive correction.

1. We are leveraging our Cloud investment to automate more processes to quickly identify potential accuracy issues, including where data submitted to us by our furnishers is illogical or inconsistent with other data that we have received. This will allow us to screen illogical conditions and anomalies before data is included in consumer credit files.

2. We are establishing feedback loops to communicate the issues we identify and work with our furnishers to ensure they identify the root cause of inaccurate reporting and correct it going forward. We have a team dedicated to working directly with our furnishers on these issues, which will not only improve data accuracy at Equifax, but across the credit reporting ecosystem.

3. We are building processes to analyze data furnished to us and data updated as a result of disputes to identify trends and potential errors in reporting. This will allow Equifax to proactively reach out to our furnishers to correct reporting errors before the information in consumer files is disputed.

While I am proud of the progress that we have made in this area, there is more that we can and will do. We are deeply committed to putting consumers first, and that means ensuring that we are providing lenders accurate information so that consumers can get the credit they need. Our accuracy obligations to consumers are also supported by our market incentive to provide the most accurate data possible to our customers so that they can assess risk and offer financial products and services on the most appropriate terms.

Equifax Is Committed to Responsibly and Appropriately Using Personal Data

In addition to a strong data accuracy program, Equifax is committed to responsibly and appropriately using personal data. Five principles form the foundation of our data privacy program:

1. Equifax leverages quality data to drive progress. We are committed to maintaining and using data that is accurate, relevant, and timely.
2. Equifax takes its data stewardship responsibilities seriously. We are transparent about how we use and safeguard data in our possession.
3. Equifax believes in discretion of data. We share data only for legitimate purposes, respecting the importance of data in the lives of individuals.
4. Equifax exercises due diligence in its partnerships when we share or receive data. We evaluate both sources and recipients of data for alignment with our values.
5. Equifax has taken a designing for privacy approach. We take privacy into consideration as we grow our products, services, and standards.

³ 15 U.S.C. §1681i.

Equifax believes in being transparent about the collection, use and storage of personal data. For example, in the United States, Equifax publishes a single consolidated privacy statement and updates it regularly to be transparent about how we collect, use, and share data. Our privacy statement also details how consumers can exercise control over their data.

In accordance with these principles of data use, Equifax offers solutions to help our customers make data-driven decisions. These solutions include providing data to help employers make informed personnel decisions about potential employees and to help credentialed property managers make more informed decisions and get rental applicants into safe and quality housing faster. If an employer uses background checks in making personnel decisions, the employer must comply with the Fair Credit Reporting Act and laws that protect people from discrimination. Employers rely on consumer reporting agencies and others throughout the hiring process to provide them with information they need to make informed decisions about a potential candidate, including verification of employment history or credit information. Equifax's employment screening reports do not contain credit scores. Equifax's tenant screening business is predominantly driven through resellers to whom we provide credit report information from one or more nationwide consumer reporting agencies, credit scores from VantageScore[®] or FICO[®], income and employment information from The Work Number[®], or Equifax digital identity and fraud authentication products.

Equifax Has Invested Substantially in Technology To Help Our Customers Innovate and To Keep the Data Entrusted to Us More Secure

To enable all of these advances, Equifax has invested an incremental more than \$1.5 billion over the last 5 years to undertake a complete technology transformation to the most advanced Cloud capabilities available. This is one of the largest cloud technology investments ever undertaken in our industry and is changing nearly every facet of our infrastructure and capabilities. The Equifax Cloud[™] is expanding the depth and accuracy of our data to help our customers innovate faster and create more effective insights into the people and communities they serve so that they can deliver better outcomes for consumers. Our industry-leading cloud transformation has created an agile new foundation for the enterprise to develop solutions that are faster, more reliable, more powerful, and more secure than ever before. In 2022, we harvested the power of our new Equifax Cloud[™] capabilities and differentiated data to deliver more than 100 new products guided by our purpose of helping people to live their financial best.

We are aggressively working to complete this transformation. And, as we transform, we continue to focus on our leadership in data security and to build a culture where data security is central to our global team's DNA. From our employee engagement to our technology infrastructure, data fabric and product development, security is embedded in everything we do. Over the last 5 years, we have built one of the world's most advanced and effective cybersecurity programs. Our security capabilities exceed all major industry benchmarks, with Equifax ranked in the top 1 percent of Technology companies and top 3 percent of Financial Services companies analyzed for three consecutive years. Our migration to the Equifax Cloud[™] gives us more robust visibility into the security across our enterprise, which in turn enables us to detect and respond to threats with more speed and precision. In 2022, we effectively responded to 39 million cyber threats per day while conducting more than 374,000 simulations to test our global workforce and preparing for the future.

Transparency has been critical to the growth and strength of our security program. We believe that more communication, more collaboration, and more transparency, with all companies delivers stronger security. Actively sharing the best practices we've gained as we work to implement change is why we developed our Security Annual Report, and why we have continued to actively engage with customers, policymakers, and other organizations, regarding the challenges and opportunities in cybersecurity on a daily basis.

As part of our Equifax Cloud[™] transformation, we have launched a state-of-the-art FedRAMP security environment to support our U.S. Government programs in the Cloud. We also developed Cloud-Control, a platform that gives our customers real-time visibility into the security of their Equifax Cloud[™] products and services. We also are committed to industry collaboration, as further evidenced by the appointment of our Chief Information Security Officer as a Strategic Engagement Advisor to the Federal Bureau of Investigation (FBI). In this role, our CISO will support the FBI's efforts to strengthen their relationship with the private sector and will support the Bureau in addressing the range of cyber threats facing businesses across America.

Equifax Has a Dedicated and Diverse Workforce Committed To Helping People Live Their Financial Best

And at the heart of delivering all of this progress is our people. At Equifax, we value our people and recognize that our employees drive our progress, innovation, and contributions to our communities. Equifax employs approximately 14,000 employees in 24 countries and more than 7,000 in the United States. We believe that increasing diversity and inclusion leads to higher levels of innovation for our customers and consumers, strong engagement levels and ultimately better business outcomes. We have consistently improved enterprise-wide trends around representation and promotions for both women and employees of diverse ethnic backgrounds, and pride ourselves on promoting and hiring highly qualified candidates who enhance our culture, add diverse perspectives, and deliver on our business strategy. Within our senior leadership team, nearly 60 percent identify as female or as having a diverse racial or ethnic background, 45 percent of the Equifax global workforce identify as female, and 4 of our 10 Board members are female. Consistent with our commitment to diversity, we have expanded the requirements for diverse candidate interview slates for all professional and management roles.

Thank you for the opportunity to share some of the key priorities of the New Equifax. While we still have more work to do, I am proud of the transformation we have made over the past 5 years. Equifax remains committed to putting consumers first at every touchpoint, to promoting financial inclusion through innovation and differentiated data, to ensuring that our data is as accurate as possible, using data responsibly, keeping the data entrusted to us secure and to helping our customers innovate faster with more comprehensive insights into the people and communities they serve. Our resolve to achieve our company purpose to help people live their financial best has never been stronger.

Thank you again for the opportunity to provide this testimony and for your dedication to your constituents and American consumers.

PREPARED STATEMENT OF CHRIS A. CARTWRIGHT

PRESIDENT AND CEO, TRANSUNION

APRIL 27, 2023

Chairman Brown, Ranking Member Scott, and distinguished Members of the Committee, thank you for your invitation to appear. My name is Chris Cartwright, and it has been my great privilege to serve as President and CEO of TransUnion for the last 4 years.

TransUnion is a global company headquartered in Chicago and best known as one-of-three major credit reporting agencies in the United States. We have nearly 5,000 employees in the United States, and more than 12,000 worldwide. As a company, our mission is to help people and society through information, to ensure fairness for consumers in the marketplace and to assist businesses in identifying underserved communities and managing business risks.

The Role of Credit Reporting Agencies

The credit reporting agencies are the backbone of the modern consumer credit economy in the United States. We play an important role in the efficient and stable functioning of the Nation's financial system, serving as clearinghouses and record-keepers for information and helping consumers gain access to credit quickly and efficiently. We do not make lending decisions; rather, we provide objective information that helps consumers obtain credit and helps lenders in underwriting and establishing credit terms.

We also help consumers find the right products to achieve their financial goals through available and affordable credit. Our credit reports help more than 254 million consumers obtain credit products each year. Prior to the advent of credit reporting agencies, lenders relied on existing relationships and personal knowledge, which often resulted in implicit or explicit bias in lending decisions. We serve consumers and lenders by providing objective data to help facilitate today's lending decisions.

Today's consumers expect near instant access to credit, which TransUnion facilitates through high-quality credit reports: today people can walk into a car dealership and drive away in a new car in a matter of minutes. The Nation's credit reporting system makes this possible by providing an efficient and reliable way for lenders to assess consumers' willingness and ability to repay their loans. This system enhances consumers' quality of life and strengthens the American economy. As a provider of credit data, our work touches the lives of nearly every American

and particularly impacts those most in need of expanding opportunities through credit.

We play a similarly important role for the lending community—helping banks and financial institutions of all sizes accurately understand and manage risk. We work with small community banks and credit unions, with community development financial institutions, and with larger firms. Our risk analytics allow lenders of all sizes to expand access to credit for consumers while protecting financial stability. As we have seen in the past several weeks, ensuring lending institutions have the data required to understand and mitigate risk is critical to the overall health and resilience of the U.S. banking sector and financial stability more broadly.

Commitment to Accuracy

At the core of TransUnion’s business is a commitment to data accuracy. Nobody wins when consumer data is inaccurate—not us, not lenders, and certainly not the American consumer. We believe empowering consumers is fundamental to data accuracy and contributes to the overall health of the credit reporting system. TransUnion is committed to data accuracy across all of our businesses. TransUnion has led the industry in building a dispute-resolution system that helps consumers quickly address any errors or inaccuracies in their credit files. We provide tools for consumers to work with data furnishers, the lenders, and other entities that report information concerning financial obligations. We want consumers to be able to work with TransUnion easily, with no friction, and at no cost to resolve any errors on their credit reports. Through our efforts, our turnaround time in addressing consumer disputes is now approximately 9 days, well below the 30-day requirement of the Fair Credit Reporting Act (FCRA). When a consumer believes a data furnisher inaccurately reports information, we facilitate the FCRA-mandated investigatory process and, if data is incorrect, we provide a system-wide update to the furnisher and other CRAs. We regularly measure furnisher performance and provide insights regarding furnisher data quality to the CFPB.

We are working closely with the CFPB to make pro-consumer changes to our tenant and employment screening business, including improving our matching logic, only accepting data that is refreshed every 60-days by municipalities and vendors, and reporting only the final outcomes of eviction proceedings. TransUnion is committed to making sure tenant screening data is accurate; inaccurate data doesn’t help anyone—not tenants or property owners. Screening plays an important role in enabling tenants to get housing opportunities; our data is an important tool to help property owners expand opportunity and protect the physical safety of their tenants. The data we receive is generally very accurate; it is based on thousands of court records from around the country, and we work hard to match that data correctly.

Expanding Economic Opportunities for All

Financial inclusion is another key pillar of our company strategy, and we continuously seek ways to develop products and resources for the credit underserved—be it Americans living in rural communities, communities of color that have been historically disadvantaged, or those in the lowest-income bracket. Expanding credit access is not only good for the economy—it is the right thing to do to open up economic opportunities for all Americans.

One of the ways TransUnion facilitates access to fair and equitable credit is through our industry-leading alternative data solutions. These tools provide potential lenders with the best, most accurate view of the consumer. Alternative data sources—such as rental and utility data—come with the added benefit of allowing people to build their credit profiles more quickly. Alternative data also supports market competition, allowing smaller and community-focused lenders to access consumers who may otherwise have been beyond their underwriting reach. Last year, TransUnion commissioned a market study of credit union executives from across major metropolitan and rural regions of the United States and found that “credit unions want to be more inclusive and take more calculated risks.” The study noted that “[t]he current economic environment has also driven many financial institutions to shift their underwriting models to include trended and alternative data versus legacy credit modeling, which has allowed credit unions to better serve their membership’s evolving needs.”¹

We need more participants in the system to get behind this effort: if alternative data were reported at scale, it would substantially increase credit access and finan-

¹ TransUnion, “New Research Explores Technological and Data Barriers to More Automated, Inclusive Credit Union Lending”, (September 8, 2021), <https://newsroom.transunion.com/new-research-explores-technological-and-data-barriers-to-more-automated-inclusive-credit-union-lending/>.

cial inclusion for all Americans. TransUnion is committed to helping more Americans access credit and wealth-building opportunities, which is why we are strong proponents of legislation to increase the inclusion of alternative data on credit reports. Consumers should get credit for the payments they are making that are not traditionally reported to the bureaus—including rent, utility or mobile phone payments—to help them build their credit profiles.

We also know the real impact credit reports have on consumers' lives. We are committed to "getting it right every time." Since I took charge of the company, TransUnion has undergone a transformation focused on improving the consumer experience. Our goal is operational excellence on behalf of the consumer—and it is critical to our mission and work. We understand that we must place the consumer experience at the center of what we do.

TransUnion has been proud to lead the way on pro-consumer changes in the industry:

- As the country plunged into the pandemic and ensuing economic crisis, we provided consumers with free weekly credit reports.
- We led the way in encouraging lenders to use our trended and alternative data solutions to provide a more accurate picture of consumer creditworthiness and to bring "credit invisible" Americans into the modern economy.
- And we continually invest in our operational infrastructure to build a best-in-class dispute-resolution infrastructure, to ensure our data is as accurate as possible.
- We led the way on issues related to medical debt. Last year, along with the other major credit reporting agencies, we removed all paid medical debt from consumers' credit files. We also no longer include unpaid medical debt totaling \$500 or less on credit reports. Together, these changes will remove nearly 70 percent of all medical collections from credit reports.

Protecting Consumers' Data Privacy

TransUnion is committed to ensuring that consumers' data privacy rights are protected and that consumers can manage their own personal data and information. We support the passage of a strong Federal privacy bill that both provides meaningful rights to consumers and preempts State-by-State privacy regulation. The patchwork, State-level approach to data privacy in the United States is confusing and inefficient for businesses and consumers alike. Enacting a comprehensive Federal privacy standard, modeled on the European Union's General Data Protection Regulation, would increase U.S. competitiveness while providing clarity to all stakeholders. TransUnion recommends legislation that allows consumers meaningful choice in how their data is collected and used without unilaterally proscribing data collection and use. A Federal bill should recognize that the rules around collection and use should be tailored to the level of risk and the purpose of the data processing activity. A Federal bill should also recognize the important role that data plays in our modern economy, facilitating the instantaneous and tailored experiences that consumers expect. Finally, we believe any Federal privacy law should recognize the important role of consumer data in fraud prevention.

While we are proud of our voluntary efforts to improve the experience for consumers who rely on our credit reports, we also appreciate the opportunity to partner with policymakers to shine a light on our industry and to work towards industry-wide improvements. We appreciate the work of this Committee, in particular Chairman Brown and Ranking Member Scott, for your leadership in helping to make the credit reporting system stronger. We recognize our responsibility to our consumers and are committed to improving the system for all consumers. We want to continue to build on our successful history, and we will continue to work with Congress and our regulators to provide consumers with the tools they need to realize economic opportunities.

Thank you again for the invitation to testify today. I look forward to answering your questions.

PREPARED STATEMENT OF BRIAN J. CASSIN

CEO, EXPERIAN

APRIL 27, 2023

Chairman Brown, Ranking Committee Member Scott, and Members of the Committee, I am Brian Cassin, CEO of Experian. I appreciate the opportunity to discuss

the important work Experian does for the benefit of consumers, lenders, and the U.S. economy.

Let me begin by stating why credit bureaus exist, how consumers benefit, and how our work provides underlying stability to the entire consumer credit ecosystem.

Credit bureaus accurately compile consumers' payment histories reported to us by individual creditors so that all lenders can use this data to make sound underwriting decisions. Good lending decisions mean fewer defaults. Fewer defaults reduce the cost of credit and increase the availability of consumer credit across the economy. Because credit bureau data does not include demographic factors such as race, color, religion, and gender, it also helps lenders make nonbiased lending decisions in compliance with the Equal Credit Opportunity Act.

Experian wholly understands its clear statutory obligations: ensure the information we hold on consumers is secure; make credit reports accurate; and provide a method to correct data that is easy for consumers to access and use.

Experian supports this Committee's goal of enhancing the accuracy of credit reports, improving consumers' experience through the dispute-resolution process, and making fair and affordable credit available to all communities.

Experian has invested heavily in systems and processes to improve data accuracy as we continually strive to reach 100 percent accuracy. We work with approximately 10,000 lenders and other data contributors across the spectrum of consumer lending, including credit card, auto, mortgage, retail, and fintech and we have stringent requirements and monitoring programs in place to ensure that our furnishers are submitting accurate information to us.

An important component of accuracy is a consumer's right to review their own credit report and correct errors. With millions of free reports and scores in the ecosystem monthly, consumers have easy and free access to their credit information, including through *annualcreditreport.com*, which provides free weekly reports to consumers. Experian has a free online dispute portal, including a mobile-optimized website and app. Consumers can also easily reach us by telephone or mail.

Mr. Chairman, studies suggest that as many as 50 million American adults are unable to access fair and affordable credit, either because they have a very thin credit file or because they are completely credit invisible. We also understand that many consumers, particularly minorities and lower-income individuals, are often under-represented in the credit reporting system.

This is an area where Experian is at the forefront with the launch of Experian Boost in early 2019. Boost allows consumers for the first time to safely and easily opt-in to having proven payment information—like utility, cell phone, rent, and video streaming services—included directly in their credit report, which can improve their credit score.

In January 2022 we also launched Experian Go, a ground-breaking feature that helps consumers who are credit invisible to establish a financial identity with Experian so they can begin building a credit history.

Since its launch, more than 12 million consumers have come to Experian Boost to improve their credit score, and 130,000 consumers have used Experian Go to establish a financial identity. The results are notable: we estimate that consumers have been able to access billions of dollars in credit post-Boost, including credit cards, car loans, and mortgages. Experian is also providing access to free credit monitoring, free credit reports, free credit scores, and financial education to more than 65 million U.S. consumers.

I am proud of the work our employees do every day to help and empower consumers. We would like to continue to work with this Committee to identify other ways we can improve the system for consumers.

Thank you for inviting me to testify. I look forward to answering your questions.

**RESPONSES TO WRITTEN QUESTIONS OF CHAIR BROWN
FROM MARK W. BEGOR**

Q.1. Congress enacted the Fair Credit Reporting Act to protect consumers from harmful and inaccurate reporting errors—errors which could result in consumers being declined for mortgages or loans for which they should otherwise have qualified. Forced arbitration has undermined these critical consumer protections. Does your credit reporting agency use forced arbitration to resolve consumer disputes over errors?

A.1. No, Equifax does not.

Q.2. Is your company still using outsourced vendors from other countries to process your disputes? If so, please explain and provide the name of the country and vendor.

A.2. Yes, our vendor service providers are Teleperformance in India and Foundever (previously known as Sitel) in the Philippines. We also have Equifax employees in the United States and Costa Rica that process disputes.

Q.3. In a January 2023 report, the CFPB noted that they had received nearly one million complaints about credit reporting and other consumer reporting, but only forwarded 565,000. The reduction by over 40 percent is the result of the CFPB’s efforts to monitor and safeguard its complaint process from undisclosed third-party submitters. Is it your position that the 565,000 complaints that the CFPB forwarded to you after the Bureau had screened for undisclosed third-party involvement are still the result of illegitimate credit repair?

A.3. It is not Equifax’s position that all CFPB portal complaints are a result of illegitimate credit repair. Since May 2022, Equifax has responded to all CFPB portal complaints with the applicable service requested by the consumer, including initiating a dispute when appropriate. Regardless of how a dispute is initiated (i.e., through the CFPB portal or directly), Equifax processes legitimate disputes whether from the consumer or from someone authorized to act on their behalf.

Q.4. According to a report from the House Select Subcommittee on the Coronavirus Crisis, your company annually receives disputes on about 36 to 42 million individual items of information in the credit reports you issue. Yet, according to the report, company employees only spend an average of 12 to 13 minutes per dispute. How are your employees able to conduct “reasonable investigations” as required by the Fair Credit Reporting Act when they spend only 12 to 13 minutes investigating each dispute?

A.4. Equifax has invested significant resources to improve the consumer’s experience when interacting with us, including enhancing online dispute capabilities and automating processes where practical. These investments are intended to reduce friction for the consumer and lead to better consumer experiences and outcomes. Because of these system improvements, it is not possible to correlate agent time spent per case to the quality or completeness of the resolution of the disputes or complaints.

As noted in Equifax’s response to the House Select Subcommittee on the Coronavirus Crisis, Equifax does not track the amount of

time spent on all individual dispute cases because not every dispute requires agent intervention. Therefore, it is not possible to calculate the exact median or mean for the time spent on each case. Equifax made a good faith effort to provide the Select Subcommittee certain data related to the length of time agents spend assisting consumers with their phone disputes and the processing time for CFPB portal complaints.

Q.5. Equifax’s website currently includes a product sheet detailing Equifax’s Resident Screening Services, which the website states include credit reports, InstaCriminal National or Statewide search, national sex offender search, eviction search, employment verification, and rental history. Does Equifax currently offer landlords resident screening services that include these data elements on consumers?

A.5. Equifax provides tenant services that can include these data elements to qualified property managers who own one to many multi-unit properties. Equifax’s tenant screening business is predominantly driven through resellers to whom we provide credit report information from one or more nationwide consumer reporting agencies, credit scores from VantageScore® or FICO®, income and employment information from The Work Number®, or Equifax digital identity and fraud authentication products. Consumer report information is provided for Fair Credit Reporting Act (FCRA) purposes to entities that undergo Equifax’s credentialing process.

**RESPONSES TO WRITTEN QUESTIONS OF SENATOR REED
FROM MARK W. BEGOR**

Q.1. Please explain your company’s current approach to incorporating Buy Now, Pay Later (or BNPL) lending into a consumer’s credit file and describe the specific technological or commercial impediments to making sure BNPL repayment history is reported and scored in a standardized fashion.

A.1. Equifax was the first to formalize inclusion of popular Buy Now, Pay Later (BNPL) “pay-in-four” loan payment information in U.S. consumer credit reports with an industry code that was made available to data furnishers in February 2022. We worked to formalize the inclusion of BNPL payment data on consumer credit reports with the belief that consumers should get credit for paying bills on time and should be able to use their responsible BNPL behaviors as a stepping stone to other types of credit, like auto loans or mortgages.

Equifax is making data-driven decisions on how BNPL payment information is incorporated into consumer credit reports. We are working closely with FICO and BNPL providers to determine how different processes—paired with several factors, including a consumer’s starting credit score, payment history, utilization and more—affect each individual. Based on our most recent analysis of anonymized consumer data from a BNPL provider reporting tradelines as revolving lines of credit, we found that individuals who pay their BNPL loans on time could potentially increase their Equifax Risk Score (ERS) and FICO® Score. Typically, consumers can leverage BNPL products early on in their credit lifecycle, even

if they may not qualify for other traditional types of credit. For consumers beginning to build their credit—or those looking to rebuild their credit—using BNPL products from companies reporting presents an opportunity to demonstrate responsible behavior and build or rebuild credit.

However, while Equifax encourages BNPL providers to report payment data, pay-in-four loans are not being broadly reported by providers to Equifax today. Larger dollar and longer term BNPL loans are reported today and appear on consumer credit reports as revolving or installment lines of credit.

Q.2. We have recently heard credible reports of consumers receiving dozens or hundreds of unexpected and unwanted phone calls and texts, within hours of applying for a mortgage, from other lenders offering purportedly better financing. Do you make money from selling these so-called “trigger leads,” which are used to target and spam unsuspecting customers? Do you believe dozens or hundreds of these solicitations are a nuisance for consumers? Do you have the ability to prevent the information that you provide to lenders from being used to overwhelm consumers with ads and solicitations? If so, why are reports of spam solicitations increasing?

A.2. The products in question comply with applicable laws and are offered under the prescreening requirements of the FCRA. Equifax contractually restricts the use of these leads to one call and one follow-up per lender to each consumer. A decline in mortgage originations combined with an uncertain economic environment may be increasing marketing activity for mortgage professionals. Equifax does not support the misuse of mortgage leads in a manner that results in spamming and harassing consumers. There are benefits to mortgage leads within the industry that provide competition amongst lenders and can result in lower costs for consumers. Mortgage leads can help consumers shopping for mortgage loans, by making consumers aware of lower rates or better deals.

Q.3. What additional steps are your company taking to combat the recent increase in fraud targeted at service members and veterans?

A.3. Equifax appreciates the sacrifices our service members and veterans have made for our country. For military members on active duty or members of the National Guard, Equifax offers free credit monitoring services, called Credit Watch™ Gold. Credit Watch™ Gold includes notifications of changes to the Equifax credit report, daily access to the Equifax credit report, automatic renewal of an initial fraud alert, and up to \$25,000 of insurance coverage to help with certain out-of-pocket expenses for victims of identity theft. Active-duty military members or members of the National Guard may be asked to recertify eligibility every 2 years. Members of the military on active duty may request an active-duty alert on their credit files to minimize the risk of fraud. The active-duty alert lasts for 1 year and the consumer’s name is removed from the prescreen list for offers of credit or insurance for 2 years.

Equifax does not have information about a consumer’s veteran status, but service members and veterans may also leverage other services to prevent identity theft or other fraud, and to protect their information. These services include:

- A fraud alert is a notice that is placed on a consumer's credit report that alerts credit card companies and others who may extend credit that the consumer may have been a victim of fraud, including identity theft. Once a fraud alert is placed with one-of-three nationwide credit reporting agencies, that bureau will send the fraud alert request to the other two. An initial fraud alert lasts for 1 year, and may be renewed.
- An extended fraud alert can be placed if a consumer is a victim of fraud or identity theft. The extended fraud alert has the same protections as a fraud alert, but lasts for 7 years. If a consumer has an extended fraud alert, the consumer's name is removed from the prescreen list for offers of credit or insurance, for 5 years.
- A security freeze to prevent unauthorized access to the consumer's credit file.
- A credit lock using a mobile app allows consumers to lock and unlock their credit reports using identity verification techniques. A credit lock generally prevents access to a credit report to open new credit accounts.
- If a consumer believes information in their credit file is a result of identity theft, the consumer can request that a consumer reporting agency block that information.

Additionally, veterans who have a medical debt on their credit report that is being paid by the Department of Veterans Affairs can submit documentation to have the medical debt removed from the credit file of the veteran.

Finally, Equifax has expressed support for the Servicemembers' Credit Monitoring Enhancement Act to provide additional credit monitoring services for certain family members of a member of the military.

**RESPONSES TO WRITTEN QUESTIONS OF
SENATOR CORTEZ MASTO FROM MARK W. BEGOR**

Q.1. Can you explain why consumer complaints about credit reporting agencies at the Consumer Financial Protection Bureau complaint portal have skyrocketed over the past 2 years? Now, about three of four consumer complaints are about credit scores and credit reports.

A.1. The credit reporting industry is committed to helping consumers resolve discrepancies on their credit reports and we are working diligently across the financial ecosystem to make sure data on consumer credit reports is accurate and comprehensive. Since April 2020, the nationwide consumer reporting agencies have offered free weekly credit reports to consumers through the end of 2023. One potential rationale for increased activity in the CFPB complaint portal is that consumers have become more proactive in monitoring their credit reports so that they are more aware of what lenders may see and so that they can detect any inaccurate or incomplete information provided to the credit bureaus. Economic factors, such as rising interest rates and economic uncertainty, may also play a role in consumers submitting complaints through the CFPB portal. It is worth noting that the nationwide consumer

reporting agencies are in a unique position as compared to other financial services providers. Equifax compiles information on over 250 million U.S. consumers. The amount of information and number of consumers served by the credit reporting system is one reasonable explanation for the volume of complaints mentioning credit reporting. Not only is the number of consumers served by the nationwide consumer reporting agencies vastly greater than virtually all other financial services providers, but consumer reporting agencies also serve as the intermediary between consumers and their lending institutions. Additionally, the CFPB complaint portal combines consumer complaints with disputes about information on credit files. Many of the complaints in the CFPB complaint portal appear to be disputes about data reported to Equifax by data furnishers and not complaints about an Equifax product or service.

Q.2. How is your firm thinking about using the new Artificial Intelligence (AI) technologies? Does your firm use—or are you considering using AI to communicate with consumers, in the dispute process and/or in value-added services such as credit scores?

A.2. As one of the first patent holders for Explainable Artificial Intelligence (xAI) in credit-risk modeling, Equifax has a deep legacy advancing data, analytics and technology to ensure transparency in the use of AI. xAI is our modern approach to predictive analytics and is embodied in our patent portfolio centered around specific machine learning models that generate logical and actionable reason codes to the consumer, increasing transparency in the process. At Equifax, the primary function of an explanation is to facilitate continued model learning while ensuring Equifax models are logical, actionable, and explainable. Equifax is committed to ongoing education and research in the field of AI and recently announced the launch of an AI Ethics Lab with Kennesaw State University to study the use of AI in the U.S. financial services industry. The research will establish methods to help identify how an AI-powered process may create different outcomes than traditional models and the potential impact of these differences.

AI is currently used in the Equifax dispute process to: (1) sort and route disputes received by mail to specialty queues to ensure appropriate handling; (2) send and receive referrals to and from other nationwide consumer reporting agencies; and (3) process CDV (consumer dispute verification) responses from the data furnishers. Equifax also leverages Natural Language Processing in our Interactive Voice Response system to guide consumers to self-service options and to route them to the most appropriate agent group for handling.

Q.3. Does your firm sell consumer information to vendors? If so, how can people avoid having their information sold?

A.3. Equifax provides consumer information to its customers. Equifax maintains a credentialing process for all of its customers. To receive Equifax data, a customer must sign a contract with Equifax and meet credentialing requirements based on the type of data requested. Credentialing includes verification that the prospective customer is a legitimate business, screening against sanctions lists, public information searches, and may include additional

verifications such as background checks or onsite inspections depending on the type of data to be provided.

Equifax is committed to responsibly and appropriately using consumer data. Equifax understands people want more control over how their personal data is collected, used, shared, and protected. Equifax is subject to numerous laws and regulations governing the collection, protection and use of consumer credit and other information, and imposing sanctions for the misuse of such information or unauthorized access to data. Many of these provisions also affect our customers' use of consumer credit or other data we furnish. Examples of the most significant U.S. laws include, but are not limited to, the Fair Credit Reporting Act, Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act, the Federal Trade Commission Act, the Gramm-Leach-Bliley Act, and the Credit Repair Organizations Act.

Under section 604(e)(6) of the FCRA consumers have the right to opt-out of receiving firm offers of credit or insurance. At www.optoutprescreen.com consumers have the choice to opt-out from receiving firm offers for 5 years or permanently. Under FCRA sections 605A(i) and 605A(j), consumers also have the option to place a security freeze to prevent access to their consumer report.

In addition to the right to opt-out from receiving firm offers of credit, Equifax allows residents of any U.S. State to submit requests to limit the use and disclosure of their sensitive personal information and opt-out of the sharing and selling of their personal information, in accordance with applicable U.S. State Privacy Laws. Equifax maintains an online *Privacy Preference Center* (<https://www.equifax.com/personal/my-privacy/>) where consumers can exercise control over their data.

Q.4. If a potential home buyer seeks a mortgage, are there any limits to how many vendors can purchase their information and how often—and through what means—they can contact the potential borrower?

A.4. Equifax contractually restricts the use of these leads to one call and one follow-up per lender to each consumer. The products in question comply with applicable laws and are offered under the prescreening requirements of the FCRA. A decline in mortgage originations combined with an uncertain economic environment may be increasing marketing activity for mortgage professionals.

Q.5. How does your firm address concerns and complaints from consumers who received unwanted solicitations or are upset with the lender who they think sold their information to a competitor?

A.5. Under section 604(e)(6) of the FCRA consumers have the right to opt-out of receiving firm offers of credit or insurance. At www.optoutprescreen.com consumers have the choice to opt-out from receiving firm offers for 5 years or permanently.

In addition to the right to opt-out from receiving firm offers of credit, Equifax allows residents of any U.S. State to submit requests to limit the use and disclosure of their sensitive personal information and opt-out of the sharing and selling of their personal information, in accordance with applicable U.S. State Privacy Laws. Equifax maintains an online Privacy Preference Center where consumers can exercise control over their data.

Q.6. How does your company ensure consumer data is only shared or sold to legitimate and trustworthy third-party companies? How does your firm evaluate these third-party companies?

A.6. Equifax maintains a credentialing process for all of its customers. To receive Equifax data, a customer must sign a contract with Equifax and meet credentialing requirements based on the type of data requested. Credentialing includes verification that the prospective customer is a legitimate business, screening against sanctions lists, public information searches, and may include additional verifications such as background checks or onsite inspections depending on the type of data to be provided.

Q.7. Does your firm sell consumer credit information to companies located outside of the United States? If so, for what purposes?

A.7. Equifax provides consumer reports only when there is a FCRA permissible purpose. All customers, regardless of whether they are requesting a consumer report or another type of consumer information must meet our credentialing requirements and sign agreements that limit the use of the information they receive from Equifax. Some of our customers have locations outside of the United States, but we primarily do business with U.S.-based companies.

Q.8. If multiple consumers complain to your bureau about outreach they are getting from an individual company—does your company re-evaluate your arrangement with that company?

A.8. In general, Equifax does not receive complaints from consumers about outreach they are getting from another company.

Q.9. Have you ever declined to sell data to a company as a result of consumer complaints? If so, please explain.

A.9. In general, Equifax does not receive complaints from consumers about how other companies use information obtained from Equifax.

Q.10. What measures do you take to ensure the privacy and security of consumer personal and financial information?

A.10. Equifax has invested significant time and resources into ensuring that consumers' information is protected. Multiple independent ratings show that our security capabilities exceed every major industry average. We maintain a comprehensive security control framework, which includes multiple layers of controls designed to ensure the privacy and security of consumer personal and financial information. In May of 2023, we made our security and privacy controls framework public for the benefit of security and privacy teams at organizations of all sizes. By enabling the larger technology ecosystem with the tools to design, build, and maintain secure processes, Equifax is helping empower companies to set a cybersecurity and privacy posture that is more adaptable to evolving threats.

Equifax also complies with relevant security and privacy-related laws, regulations, and industry standards (e.g., PCI DSS), and maintains processes that allow consumers to exercise their rights under State privacy laws (e.g., CCPA).

Q.11. Are any demographic data points such as race, national origin or gender included in the data being sold?

A.11. Consumer credit reports do not contain race, gender, marital status, national origin or other kinds of demographic information.

Q.12. Can consumers select which data points about them that can be sold?

A.12. Under section 604(e)(6) of the FCRA, consumers have the right to opt-out of receiving firm offers of credit or insurance. At www.optoutprescreen.com, consumers have the choice to opt-out from receiving firm offers for 5 years or permanently.

In addition to the right to opt-out from receiving firm offers of credit, Equifax allows residents of any U.S. State to submit requests to limit the use and disclosure of their sensitive personal information and opt-out of the sharing and selling of their personal information, in accordance with applicable U.S. State Privacy Laws. Equifax maintains an online *Privacy Preference Center* (<https://www.equifax.com/personal/my-privacy/>) where consumers can exercise control over their data.

Q.13. Does your research find that people who live in States which have not expanded their Medicaid program have lower credit scores due to greater prevalence of medical debt?

A.13. Equifax has not conducted research analyzing the interaction of expanded Medicaid programs and the impact of medical debt on credit scores.

Q.14. As your firm restricts some medical debt from being reported, what impact do you think this will have on credit scores for States that have not expanded Medicaid?

Will they most likely still have lower credit scores than those States which did expand Medicaid?

A.14. Equifax has not conducted research analyzing the interaction of expanded Medicaid programs and the impact of medical debt on credit scores.

Q.15. When someone changes their name, is it possible for someone to prevent their original name from appearing in their credit report to the person or firm which requested the credit report? This would be the bank, employer, property manager, etc.?

A.15. Equifax recommends that consumers who legally change names directly inform Equifax and other nationwide consumer reporting agencies (NCRAs) of this action once it is complete. Doing this provides the critical link needed between the person's chosen name and their original name, which will help to maintain the integrity of their credit file and potentially avoid any misunderstanding with creditors or lenders. While we do not currently suppress original names, we are working to address the concerns of transgender and nonbinary individuals while maintaining the accuracy of consumer data, as required by law.

Q.16. How can transgender people benefit from having their credit history remain after a name change without losing their privacy?

A.16. We share transgender and nonbinary individuals' desire to have their credit history attached to their new name. Equifax recommends that consumers who legally change names directly inform

Equifax and other NCRAs of this action once it is complete. This will provide critical information in order to link the credit files containing the chosen name and the former name. This will assist in maintaining accuracy and integrity of credit files during transitions and help to avoid misunderstandings with creditors or lenders. Equifax uses a proprietary keying and linking system to match consumers with the appropriate file and we are committed to continuously improving this system to address the concerns of transgender and nonbinary individuals.

Q.17. Some have recommended removing all delinquencies from credit files after 4 years, instead of 7. How would limiting the time that delinquencies could be listed affect credit reports and scores?

A.17. Equifax has not conducted an analytic study on the impact of reducing the statutory time limit from 7 to 4 years on credit reports and scores.

Q.18. A recent research paper from the Federal Reserve of Minneapolis found unexplained disparities in denial rates for solo applicants compared to dual applicants. In its sample of mortgage applications from the confidential Home Mortgage Disclosure Act (HMDA) dataset,* 56.1 percent feature a solo applicant. Lenders denied 3.7 percent of applications in the sample overall; the denial rate for solo applicants is 4.3 percent compared to 3.0 percent for dual applicants. Adjusting for differences in characteristics of solo applicants, the denial rate for solo applicants is 4.1 percent compared to 3.0 percent for dual applicants. The report noted that White applicants are the least likely to apply for a mortgage alone.

Applications submitted by at least one White applicant are over 50 percent more likely to have a co-applicant than applications submitted by at least one Black applicant: 31 percent of applications submitted by at least one Black applicant have a co-applicant, compared to 48 percent of applications submitted by at least one White applicant. In addition, single women over 62 tend to have higher mortgage rates.

What insights does your firm have in the credit reports, credit scores and mortgage acceptance, and rates offered to single borrowers, especially borrowers of color and elderly women, compared to White and duo borrowers?

A.18. In 2022, out of 6.68M mortgage originations, about 55.70 percent included single applicants. Credit reports do not contain race, gender, marital status, or other kinds of demographic information. In addition, Equifax does not receive notification when a mortgage is closed; therefore, Equifax does not have additional information to share on acceptance and rates offered to specific borrowers.

**RESPONSES TO WRITTEN QUESTIONS OF CHAIR BROWN
FROM CHRIS A. CARTWRIGHT**

Q.1. Congress enacted the Fair Credit Reporting Act to protect consumers from harmful and inaccurate reporting errors—errors which could result in consumers being declined for mortgages or loans for which they should otherwise have qualified. Forced arbitration has undermined these critical consumer protections. Does

your credit reporting agency use forced arbitration to resolve consumer disputes over errors?

A.1. No, TransUnion does not use forced arbitration to resolve consumer disputes over errors.

Q.2. In a January 2023 report, the CFPB noted that they had received nearly one million complaints about credit reporting and other consumer reporting, but only forwarded 565,000. The reduction by over 40 percent is the result of the CFPB's efforts to monitor and safeguard its complaint process from undisclosed third-party submitters. Is it your position that the 565,000 complaints that the CFPB forwarded to you after the Bureau had screened for undisclosed third-party involvement are still the result of illegitimate credit repair?

A.2. We appreciate the Consumer Financial Protection Bureau's (CFPB) recent regulatory and enforcement efforts concerning third-party credit repair agencies and the significant challenges they pose due to their practices.¹ Third-party credit repair agencies continue to present challenges to the CRAs, with a persistently large number of complaints and disputes clogging the system.

Q.3. TransUnion touts its online dispute process as a helpful tool for consumers. According to TU's website, consumers can "manage or fix any inaccuracies," on their credit reports through the system. In 2021, TU acquired Neustar, a data broker that handles people's sensitive identifiable information. Should Americans have the same ability to manage or fix inaccuracies for Neustar data? Please explain.

A.3. TransUnion operates multiple consumer reporting businesses that are subject to the Fair Credit Reporting Act (FCRA), which regulates the way CRAs can collect, access, use, and share consumer information. In addition, TransUnion offers products that are not subject to the FCRA, but instead are governed by a variety of other State and Federal laws including the Gramm-Leach-Bliley Act and a multiplicity of privacy laws. A major component of our non-FCRA solutions are our fraud prevention products, including the tools formerly known as Neustar Fraud Solutions.

We take our compliance obligations seriously and employ a comprehensive FCRA compliance program that governs our FCRA offerings. In addition, the Consumer Financial Protection Bureau supervises our activities and provides regular feedback.

Data accuracy is critical in both our FCRA and non-FCRA products. Most State privacy laws afford consumers broad rights to access, understand, and correct information. TransUnion supports the ability of consumers to fix incorrect data provided by data furnishers, and we are committed to ensuring high levels of data accuracy. This includes an extensive data management and due-dili-

¹See, e.g., Consumer Financial Protection Bureau, "CFPB To Distribute More Than \$22 million to Consumers Harmed by Burlington Financial Group's Debt Relief and Credit Repair Scams", (May 5, 2023) at <https://www.consumerfinance.gov/about-us/blog/cfpb-distribute-22-million-consumers-harmed-burlington-financial-group-debt-relief-credit-repair-scams/>. See also, Consumer Financial Protection Bureau, "Consumer Financial Protection Bureau Files Suit Against Lexington Law, PGX Holdings, and Related Entities". (May 2, 2019) at <https://www.consumerfinance.gov/about-us/newsroom/bureau-files-suit-against-lexington-law-pgx-holdings-and-related-entities/>.

gence process that begins when potential data sources are initially considered.

Q.4. According to a report from the House Select Subcommittee on the Coronavirus Crisis, each year your company received disputes on about 36 to 38 million individual items of information in the credit reports you issued. Yet, according to the report, your company has only 171 staff handling disputes. How is your company able to conduct “reasonable investigations” as required by the Fair Credit Reporting Act with only 171 employees investigating tens of millions of disputes?

Are any of these employees contracted from outsourced vendors? If so, please explain and provide the name of the country and vendor.

A.4. TransUnion is committed to data accuracy across all of our businesses. Our turnaround time in addressing consumer disputes is now approximately 9 days, well below the 30-day requirement of the FCRA. When a consumer believes a data furnisher inaccurately reports information, we facilitate the FCRA-mandated investigatory process and, if data is incorrect, we provide a system-wide update to the furnisher and other CRAs. We regularly measure furnisher performance and provide insights regarding furnisher data quality to the CFPB.

During the COVID-19 pandemic, TransUnion engaged in extraordinary efforts to help consumers and we believe we were appropriately staffed to manage the challenges we encountered. This included keeping our call centers open, despite logistical challenges, and consistently monitoring staffing levels to meet regulatory standards in responding to consumer disputes. We have increased our staffing levels since the pandemic and our call center wait times have returned to their pre-pandemic levels. In addition, we led the industry initiative to provide free weekly access to consumer credit reports throughout the pandemic. This initiative was a natural outgrowth of our practice of broadly offering many consumer tools available for free, including real time credit monitoring and various analytical and simulation features that help consumers understand interactions with scoring companies and lenders. TransUnion also established a dedicated consumer support COVID-19 resources webpage that provides all Americans easy and free access to credit support tools, guidance on how to navigate the pandemic, and one-click access to freeze their credit files or dispute any information on their report.

We use an India-based vendor named Teleperformance to support some of our consumer service operations.

Q.5. In your testimony, you stated that consumers are able to see the information that is reported against them on a tenant screening report today, and that they are able to dispute that information under the FCRA.

Are tenants able to see all information included as part of a tenant screening or background report before or at the same time as a landlord accesses that information as part of making a determination on a tenant’s rental application? If so, please describe the process that a tenant would use to access this information from TransUnion. If a tenant cannot see the information before or at the

same time as a landlord accesses the report, how can a consumer request a copy of their report?

A.5. TransUnion Rental Screening Solutions, Inc. (TURSS) offers multiple rental screening solutions tailored to the parties to a rental agreement. TURSS's rental screening services promote equitable housing opportunities by helping property owners find qualified tenants, reduce fraud, and protect the safety of tenants and property. One of our primary solution offerings allows tenants to see their information at the same time as landlords. The ultimate availability of this offering depends on adoption by customers and third-party platform providers. Further, tenants can always access the information in their report at any time through additional means, including requesting a consumer disclosure under the FCRA or requesting a copy from the landlord.

TURSS is committed to providing accurate rental screening data, and TURSS is working with the CFPB and Federal Trade Commission (FTC) to make pro-consumer changes to modernize the tenant screening sector, including refraining from reporting eviction cases before there is a final outcome. The CFPB exercises supervisory authority over TURSS's screening solutions and TURSS regularly engages with them to align our practices with their expectations. We are eager to engage with the Senate Banking Committee to explore further improvements to screening practices that could create consistency in the market.

Q.6. How many individual tenants requested a copy of their tenant screening report from TransUnion in 2022? How many landlords purchased tenant screening reports from TransUnion in 2022? Waiting on final number.

A.6. In 2022, TURSS had approximately 4,565 consumer disclosure requests in which we concluded are individual tenants requesting a copy of their report. In 2022, approximately 746,744 landlords used SmartMove and ShareAble for Rentals to purchase tenant screening reports.

Q.7. Under TransUnion's current terms for a landlord to access a tenant screening report for a consumer, is the landlord permitted to share a copy of that report with the consumer? If not, why not?

A.7. Yes—the landlord is permitted to share a copy of the report with the consumer.

**RESPONSES TO WRITTEN QUESTIONS OF SENATOR REED
FROM CHRIS A. CARTWRIGHT**

Q.1. Please explain your company's current approach to incorporating Buy Now, Pay Later (or BNPL) lending into a consumer's credit file and describe the specific technological or commercial impediments to making sure BNPL repayment history is reported and scored in a standardized fashion.

A.1. TransUnion is exploring ways to accept Buy Now, Pay Later (BNPL) information as part of a consumer's credit report. We are having regular discussions with the CFPB and other stakeholders on the operational issues associated with BNPL data. As traditional scores cannot yet take into account this new form of purchase financing, underwriting models will need plenty of time to

adjust to a new product type (the industry hasn't seen a new product type in recent history).

BNPL and other select point-of-sale tradelines and attributes will be reported to a partitioned section of the TransUnion core credit file built specifically for this purpose—where they will be excluded from delivery to existing scoring models and decisioning criteria until models have a chance to adjust. Default delivery of the core credit file will not include any BNPL and point-of-sale data, and current FICO Scores and VantageScore models will see no impact until these scoring providers choose to incorporate these data after additional analysis.

Q.2. We have recently heard credible reports of consumers receiving dozens or hundreds of unexpected and unwanted phone calls and texts, within hours of applying for a mortgage, from other lenders offering purportedly better financing. Do you make money from selling these so-called “trigger leads,” which are used to target and spam unsuspecting customers? Do you believe dozens or hundreds of these solicitations are a nuisance for consumers? Do you have the ability to prevent the information that you provide to lenders from being used to overwhelm consumers with ads and solicitations? If so, why are reports of spam solicitations increasing?

A.2. Only credentialed lenders under contract with TransUnion or a TransUnion re-seller may access TransUnion's mortgage inquiry prescreen service. Each lender must provide acceptable selection criteria, certify a permissible purpose under the FCRA, and agree to provide a firm offer of credit as defined by the FCRA to each consumer meeting the selection criteria. Consumers who have opted out of prescreen lists are excluded entirely, and consumers on the do-not-call list have their phone numbers excluded from the returned information.

Q.3. What additional steps are your company taking to combat the recent increase in fraud targeted at service members and veterans?

A.3. Congress has long recognized that free credit reporting for active-duty military can help keep service members informed about their financial health and offer some peace of mind while they focus on their mission. That is why TransUnion is a strong public supporter of the Servicemembers' Credit Monitoring Enhancement Act, bipartisan legislation to provide free credit monitoring for all service members and their families. Currently, this free monitoring is only available to active-duty service members and members of the National Guard.

**RESPONSES TO WRITTEN QUESTIONS OF
SENATOR CORTEZ MASTO FROM CHRIS A. CARTWRIGHT**

Q.1. Can you explain why consumer complaints about credit reporting agencies at the Consumer Financial Protection Bureau complaint portal have skyrocketed over the past 2 years?

A.1. TransUnion strives for the highest possible levels of data accuracy—no one wins when a consumer's information is incorrect. We are constantly working with lenders, other data furnishers, and the CFPB on consumer complaints and dispute management. We

believe that recent volumes of complaints via the Bureau’s portal are attributable to multiple factors.

At the beginning of the pandemic, the three national Consumer Reporting Agencies (CRAs) increased the accessibility of credit reports through free weekly disclosures of consumers’ files to help Americans understand and manage their financial health. More than 166 million people in the United States have taken advantage of free access to their credit information through TransUnion and our partners. Greater access to consumer reports increases consumer attention to information that data furnishers report. A significant percentage of consumer “complaints” received by the CRAs actually pertain to issues between consumers and data furnishers where consumers are seeking to “dispute” information on their reports as required under the FCRA—they are rarely complaints regarding a practice or product offered by TransUnion.

Moreover, as seen in recent CFPB enforcement actions, credit repair companies have significantly increased their pernicious activity over the past few years. TransUnion analyses indicate that the majority of complaints received through the CFPB portal come from third-party credit repair companies promising consumers that information can be deleted from their credit files through the submission of mass disputes of derogatory tradelines.

We have taken a number of proactive steps around consumer complaints, and the most recent 2023 CFPB report highlights several positive developments for TransUnion.¹ In January, the CFPB acknowledged that we made significant operational changes with respect to the handling of consumer complaints in 2022 vs. 2021. The Bureau also favorably highlighted TransUnion spending more time working on complaints. The CFPB also acknowledged that TransUnion demonstrated a strong commitment to providing relief to consumers when appropriate. We take consumer complaints very seriously and work directly with consumers and furnishers to resolve disputes. We know how distressing any concerns about a credit report can be for a consumer. We are continually working to improve our process for addressing and resolving disputes.

Q.2. How is your firm thinking about using the new Artificial Intelligence (AI) technologies? Does your firm use—or are you considering using AI to communicate with consumers, in the dispute process and/or in value-added services such as credit scores?

A.2. Artificial Intelligence (AI) and automated tools are gaining popularity given recent advancements and press around models such as ChatGPT and other AI tools or platforms. While AI at scale can bolster a company’s effectiveness, it can also pose risks if not implemented appropriately. TransUnion is committed to innovation and staying at the forefront of technology advancements. As always, we will do so by stewarding the data we hold with the utmost care and responsibility.

TransUnion has a variety of ways that a consumer can file a dispute with us. If a consumer calls TransUnion to initiate the dispute process, there is no AI in that channel and they can easily speak

¹ See Consumer Financial Protection Bureau, “Annual report of credit and consumer reporting complaints” (January 2023) at https://files.consumerfinance.gov/f/documents/cfpb_fcra-611e_report_2023-01.pdf.

to an agent. We do use automation to route calls and ask the nature of the call, but we don't limit consumers from speaking to agents.

Q.3. Does your firm sell consumer information to vendors? If so, how can people avoid having their information sold?

A.3. As a global information and insights company, TransUnion recognizes the central role that data plays in the various markets in which we operate, and we take seriously the accompanying responsibilities to steward consumer information. As a CRA, TransUnion's principal business is providing consumer financial data to financial institutions under the parameters of the FCRA. The FCRA requires financial institutions and other businesses to have a "permissible purpose" to obtain this information.² TransUnion maintains appropriate policies and procedures to help ensure consumer report information is only shared in a manner consistent with FCRA. These policies and procedures include, but are not limited to, certification to TransUnion that any entity obtaining a consumer report list the permissible purpose(s) for which the report is being obtained and that the report will not be used for any other purpose.

Beyond the FCRA, our operations are conducted in accordance with a variety of State and Federal privacy standards that afford consumers broad control over their information. TransUnion facilitates much of our U.S. privacy compliance through our consumer portal, which provides Americans with broad capabilities to opt-out of the sale and certain uses of data. For consumers residing in States with laws providing residents with additional privacy rights, the portal also supports consumer requests to delete, correct, and view covered personal information maintained by TransUnion. There is also a standalone opt-out page, linked directly from the TransUnion homepage. If easier, consumers can also exercise their privacy rights by calling our customer call center.

Q.4. If a potential home buyer seeks a mortgage, are there any limits to how many vendors can purchase their information and how often—and through what means—they can contact the potential borrower?

A.4. Only credentialed lenders under contract with TransUnion or a TransUnion re-seller may access TransUnion's mortgage inquiry prescreen service. Each lender must provide acceptable selection criteria, certify a permissible purpose under the FCRA, and agree to provide a firm offer of credit as defined by the FCRA to each consumer meeting the selection criteria. Consumers who have opted out of prescreen lists are excluded entirely, and consumers on the do-not-call list have their phone numbers excluded from the returned information.

Q.5. How does your firm address concerns and complaints from consumers who received unwanted solicitations or are upset with the lender who they think sold their information to a competitor?

A.5. TransUnion takes consumer experiences, including experiences caused by our customers, very seriously. TransUnion's role in

² See, e.g., 15 U.S.C. §§1681b(a)(2), (a)(3)(A), (a)(3)(B), (a)(3)(C).

the consumer credit ecosystem is to provide risk analytics and consumer information to lenders to help with underwriting processes. TransUnion has a credentialing process that outlines processes for vetting customers, and ensuring that they are accessing data in our products according to rules and restrictions we have set out. Under TransUnion's Credentialing and Onboarding Policy, the Credentialing and Onboarding Team is responsible for determining if the business has a purpose permitted by applicable laws, rules, regulations, standards and TransUnion business practices to use TransUnion's products and services.

Additionally, TransUnion re-performs onboarding procedures for existing customers in certain circumstances, including a change in ownership of legal structure of the business, a change in the nature or purpose of the business, a notice of regulatory action against the entity that warrants review, or the identification of concerns regarding data reported, use of services, or consumer complaints. Such procedures are also re-performed based on the time elapsed since they were last reviewed. If we determine that a customer violated an agreement or misused data, we take corrective action, including termination of the relationship. TransUnion has stringent customer auditing processes and procedures, information security requirements, legal standards, and other controls in place to ensure that anyone accessing consumers' personal data through TransUnion has a legal basis to do so. TransUnion has various policies and contract language depending on the data and relationship.

TransUnion monitors consumer complaints and disputes as part of an extensive Data Furnisher Monitoring Program. If issues are found related to a data furnisher following its FCRA obligations (including data accuracy and handling of consumer disputes), TransUnion will take corrective action related to that furnisher, up to and including termination, as necessary. TransUnion has terminated customer relationships as a result of our data furnisher monitoring activities and our data furnisher monitoring activities include monitoring consumer disputes/complaints related to individual furnishers and taking action up to an including termination.

Q.6. How does your company ensure consumer data is only shared or sold to legitimate and trustworthy third-party companies? How does your firm evaluate these third-party companies?

A.6. Please see our answers throughout concerning the permissible purpose requirements of the FCRA and our preceding response to Question 5 regarding our credentialing processes. Further, TransUnion regularly shares data with the CFPB on the volume and types of submissions received through the dispute and complaints process.

Q.7. Does your firm sell consumer credit information to companies located outside of the United States? If so, for what purposes?

A.7. We do not sell any information about U.S. consumers outside of the United States. As a global information and insights company, we have a presence in more than 30 countries and territories, including the United States, Canada, Latin America, the United Kingdom, Africa, Asia Pacific, and India.

TransUnion has put in place procedures, through our credentialing and procurement processes, to ensure that we are not doing business with individuals on the Office of Foreign Assets Control's Specially Designated Nationals and Blocked Persons list. TransUnion does not store U.S. consumer data in China, Russia, North Korea, Cuba, Venezuela, or Iran.

Q.8. If multiple consumers complain to your bureau about outreach they are getting from an individual company—does your company re-evaluate your arrangement with that company?

A.8. Please see answer to Question 5.

Q.9. Have you ever declined to sell data to a company as a result of consumer complaints? If so, please explain.

A.9. If we determine that a customer violated an agreement or misused data, we take corrective action, including termination of the relationship.

Q.10. What measures do you take to ensure the privacy and security of consumer personal and financial information?

A.10. We secure and protect the information entrusted to us by building, monitoring and defending information security programs built on a foundation of compliance and accountability. We proactively manage our programs and continuously invest to secure the data we hold on behalf of consumers and businesses. We are organized to develop, implement and maintain a robust information security program consistent with TransUnion's size and complexity. We employ multiple overlapping layers of security controls to reduce risk and eliminate single points of failure. Our program focuses on risk identification and fostering resiliency, all to protect TransUnion, our assets, consumers and customers.

Responsible data stewardship is fundamental to our mission. We have developed, and continue to augment, a robust, global privacy program to protect consumer information and our data assets. Our program is built upon TransUnion's Global Privacy Policy which requires compliance across the enterprise, including all of TransUnion's business units, as well as majority-owned company subsidiaries. Collectively, these efforts help ensure all new products and services comply with the most current privacy regulations around the world, and meet or exceed consumers' evolving privacy expectations.

Q.11. Are any demographic data points such as race, national origin or gender included in the data being sold?

A.11. The FCRA prohibits the reporting and collection of such information on a consumer's credit report. With respect to non-FCRA data, management of a consumer's sensitive information is governed by a variety of State and Federal requirements noted in previous answers.

Q.12. Can consumers select which data points about them that can be sold?

A.12. TransUnion's consumer privacy portal offers consumers broad opt-out rights regarding covered personal information, including the rights to opt-out of: the sale/sharing of personal information, use of personal information for automated decision-making,

use of personal information for cross-context behavioral advertising/targeted advertising, and use of sensitive personal information.

Q.13. Does your research find that people who live in States which have not expanded their Medicaid program have lower credit scores due to greater prevalence of medical debt?

A.13. TransUnion does not possess research that evaluates the potential correlation between States that have not expanded their Medicaid program and States with lower credit scores due to greater prevalence of medical debt.

Q.14. As your firm restricts some medical debt from being reported, what impact do you think this will have on credit scores for States that have not expanded Medicaid? Will they most likely still have lower credit scores than those States which did expand Medicaid?³

A.14. Following our response to Question 13, we are unable to make assumptions or claims regarding the impacts to scores for States that have not expanded Medicaid. We would be happy to collaborate with Senator Cortez Masto on exploring policy solutions around Medicaid, medical debt collections, and credit score-related questions to research policy solutions that benefit all consumers.

We continue to evaluate the system to ensure reported tradelines are reflective of a consumer's ability to repay and we are continually in dialogue with lenders regarding the information they believe is necessary for evaluating risk. We would encourage cross-industry collaboration on issues related to costs of health care, and medical collections debt.

Q.15. When someone changes their name, is it possible for someone to prevent their original name from appearing in their credit report to the person or firm which requested the credit report? This would be the bank, employer, property manager, etc.?

A.15. TransUnion is committed to helping all consumers, including transgender individuals, to navigate the name change process with ease. As part of this effort, consumers can change their first and/or middle names on their credit report by providing the appropriate documentation to the CRAs, including TransUnion. We are also introducing a process for consumers to ensure that their dead name is not displayed on a credit report if they so choose. We anticipate this process will be available later this year.

Q.16. How can transgender people benefit from having their credit history remain after a name change without losing their privacy?

A.16. See response to question above.

Q.17. Some have recommended removing all delinquencies from credit files after 4 years, instead of 7. How would limiting the time that delinquencies could be listed affect credit reports and scores?

A.17. The suppression of data or the suspension of some data elements that lenders rely on to extend credit to consumers would potentially undermine the safety and soundness of consumer credit markets. Consumer credit files that are prepared and maintained

³ Andrew Van Dam, "Analysis—Why the South Has Such Low Credit Scores", *The Washington Post* (WP Company, February 21, 2023), <https://www.washingtonpost.com/business/2023/02/17/bad-southern-credit-scores/>.

by the CRAs make it possible for lenders to determine whether a particular consumer is a good credit risk, and lenders rely on credit reports and scores to decide whether they should extend credit to consumers. Without a comprehensive credit report with a history of good credit, lenders would have no choice but to rely on subjective criteria rather than objective historical data to mitigate risk of delinquent payments. This would also make credit far harder to obtain, so a consumer runs the risk of staying credit invisible, or outside of the credit system.

Q.18. A recent research paper from the Federal Reserve of Minneapolis⁴ found unexplained disparities in denial rates for solo applicants compared to dual applicants. In its sample of mortgage applications from the confidential Home Mortgage Disclosure Act (HMDA) dataset,* 56.1 percent feature a solo applicant. Lenders denied 3.7 percent of applications in the sample overall; the denial rate for solo applicants is 4.3 percent compared to 3.0 percent for dual applicants. Adjusting for differences in characteristics of solo applicants, the denial rate for solo applicants is 4.1 percent compared to 3.0 percent for dual applicants. The report noted that White applicants are the least likely to apply for a mortgage alone. Applications submitted by at least one White applicant are over 50 percent more likely to have a co-applicant than applications submitted by at least one Black applicant: 31 percent of applications submitted by at least one Black applicant have a co-applicant, compared to 48 percent of applications submitted by at least one White applicant. In addition, single women over 62 tend to have higher mortgage rates.

What insights does your firm have in the credit reports, credit scores and mortgage acceptance, and rates offered to single borrowers, especially borrowers of color and elderly women, compared to White and duo borrowers?

A.18. TransUnion does not possess specific research on this topic, but we would be happy to have our Research and Statistics group engage with your office to discuss these important concerns further. As a general matter, TransUnion cannot differentiate between when a consumer is shopping for rates vs. when a consumer makes an application, so we cannot give definitive numbers regarding single vs. joint application acceptance rates.

RESPONSES TO WRITTEN QUESTIONS OF SENATOR HAGERTY FROM CHRIS A. CARTWRIGHT

Q.1. The CFPB's report on tenant screening, released in November of last year, took a hostile approach to the practice, and neglected to acknowledge the public good that such screening services provide.

Please explain how tenant screening services help both landlords and prospective renters, and what effect they have on the safety of our communities.

⁴Ben Horowitz, Kim-Eng Ky, and Libby Starling, "Higher Mortgage Denials for Solo Applicants Feed Racial Disparities in Lending", Federal Reserve Bank of Minneapolis, March 28, 2023, <https://www.minneapolisfed.org/article/2023/higher-mortgage-denials-for-solo-applicants-feed-racial-disparities-in-lending>.

A.1. TransUnion provides an important service to landlords to help them make informed decisions and keep tenants safe. A full and accurate record of a prospective tenant’s credit, criminal, and eviction history gives owners and operators the most comprehensive picture of the applicant. This is the best way to determine an applicant’s ability to pay rent, be a positive addition to the residential community, and prove whether a tenant could be a risk to the safety of others, or to the building itself. Any proposal that restricts a housing provider’s ability to conduct criminal background checks inhibits their ability to ensure a safe, secure environment for their residents and employees.

Q.2. Do you agree with the CFPB’s view that “Tenant background check content for landlords has questionable relevance”?

A.2. No, tenant screening solutions are a vital tool for keeping communities safe and for combating rising rental costs. By identifying tenants with higher probability of nonpayment, a landlord can avoid having to raise rent on other tenants, while simultaneously decreasing the likelihood of future evictions. The eviction process can take weeks or months and it can cost as much as \$10,000 in many jurisdictions—these are costs that smaller landlords simply cannot bear. Placing smaller landlords in the position of having insufficient insights into the financial well-being of possible tenants is unfair to the landlord and all of the other residents who may face higher costs.

**RESPONSES TO WRITTEN QUESTIONS OF CHAIR BROWN
FROM BRIAN J. CASSIN**

Q.1. Congress enacted the Fair Credit Reporting Act to protect consumers from harmful and inaccurate reporting errors—errors which could result in consumers being declined for mortgages or loans for which they should otherwise have qualified. Forced arbitration has undermined these critical consumer protections. Does your credit reporting agency use forced arbitration to resolve consumer disputes over errors?

A.1. Nothing in Experian’s contracts with consumers prevents consumers from fully vindicating their rights under the FCRA or any other applicable State or Federal law. Arbitration only applies to customers who have agreed to arbitration by signing up for an Experian membership, which provides a variety of services. Of the cases brought by consumers who have signed an arbitration agreement, only a small number of those cases ever result in arbitration. The vast majority are resolved through the court system.

Q.2. Is your company still using outsourced vendors from other countries to process your disputes? If so, please explain and provide the name of the country and vendor.

A.2. Experian does not use outsourced vendors to process consumer disputes, we rely on our own employees all of whom have had extensive training. Some of these employees are located in Costa Rica and Chile.

Q.3. In a January 2023 report, the CFPB noted that they had received nearly one million complaints about credit reporting and

other consumer reporting, but only forwarded 565,000. The reduction by over 40 percent is the result of the CFPB's efforts to monitor and safeguard its complaint process from undisclosed third-party submitters. Is it your position that the 565,000 complaints that the CFPB forwarded to you after the Bureau had screened for undisclosed third-party involvement are still the result of illegitimate credit repair?

A.3. It is our judgement that approximately 81 percent of the complaints that we receive through the complaint portal are credit repair. Additionally, the CFPB's own complaint portal report shows that credit reporting submissions are mainly related to disputes about information reported to us by a data furnisher, rather than complaints about consumer dissatisfaction about something a CRA has done. Disputes represent a consumer's long-held right under the Fair Credit Reporting Act to challenge the accuracy of items on their credit report. It appears that consumers, and particularly credit repair companies, are now using the CFPB complaint portal as another channel to initiate disputes. In 2021, we at Experian flagged 75 percent of complaints coming across the portal as credit repair and that number rose to 81 percent in 2022. Overall, we have seen a 225 percent increase in disputes coming into the complaint portal since last year. However, every complaint we receive through the CFPB portal is taken seriously and responded to in a timely manner.

Q.4. Experian has noted how important it is for people to "check for accuracy in [their] credit reports," and correct errors. In 2020, Experian acquired data broker and tech platform, Tapad, explaining that the acquisition would, "enhance Experian's digital offerings for advertisers," and help position Experian "to take advantage of expansion in the market for digital data advertising." Should Americans have the same ability to manage or fix inaccuracies over data that is used for marketing purposes? Please explain.

A.4. Experian Marketing Solutions (EMS) provides all United States consumers the ability to (i) access the personal data that EMS maintains about them, (ii) opt-out from the sale or sharing of such EMS data, use of such EMS data in targeted advertising, or use of sensitive personal data about them by EMS, (iii) delete such EMS data, and (iv) correct or delete any inaccuracies in the personal data that EMS maintains about them. These consumer options and our practices comply with, and go beyond, what applicable State and Federal privacy laws and industry self-regulatory guidelines require.

Q.5. According to a report from the House Select Subcommittee on the Coronavirus Crisis, each year your company received disputes on about 30 to 40 million individual items of information in the credit reports you issued. Yet, according to the report, your employees only spend an average of 7.154 minutes per dispute. How are your employees able to conduct "reasonable investigations" as required by the Fair Credit Reporting Act when they only spend a little over 7 minutes investigating each dispute?

A.5. Consumers can dispute information on their credit report by mail, online, through the Experian app, or by telephone. When a consumer contacts Experian to dispute information in their credit

file, we review and consider all information and supporting documents provided by the consumer to determine if we can update or delete the disputed information without contacting the creditor.

If we are unable to make a change to the consumer's credit report based on the information provided, Experian conveys the consumer's dispute along with any relevant additional information provided by the consumer, which may include documentation and/or an explanation, to the data furnisher to verify the accuracy of the disputed information. Experian has processes in place to ensure that we provide information to furnishers within 5 business days of receipt.

Once transmitted, the electronic dispute system, e-Oscar, requires furnishers to open all supporting documentation provided with the dispute. The creditor then has 30 days in which to respond to the dispute and they must certify that their responses are accurate. We then update the consumer's information, if appropriate, based on the response from the furnisher. If the furnisher fails to respond to the dispute within 30 days, the disputed information is deleted from the credit file until the furnisher can certify that the information is accurately reported.

Experian does not side with either the consumer or the lender; our process is designed to ensure that the data provided to us by lenders is accurate and reflects the consumers' payment history. The law prescribes that Experian consult the furnisher because they are the holder of the account record with the consumer and are in the best position to determine whether the information being challenged by the consumer is accurate or not.

If a consumer disagrees with the results of the dispute-resolution process, we encourage the consumer to go directly to the lender and we provide clear contact information for the lender in the response we send to the consumer at the conclusion of the dispute process. Consumers who are unsatisfied with the reinvestigation also have the right to add a statement of dispute to their credit report. In addition to that right, a consumer who has previously disputed an item can initiate a new dispute if they are providing additional relevant information.

Regardless of the outcome of a consumer's dispute, we respond to the consumer with an explanation of the outcome. This process is clearly established, including all applicable timeframes, by the FCRA and is completed within 30 days of our receipt of the dispute, and often much sooner.

Q.6. Experian has a product called ConsumerViewSM, which is described as "the largest and most comprehensive resource for traditional and digital marketing campaigns. With thousands of attributes on more than 300 million consumers and 126 million households, ConsumerViewSM data provides a deeper understanding of your customers, resulting in more actionable insights across channel." In a brochure about it, Experian states that ConsumerViewSM includes, "Aggregated credit information" and "Financial data segments" including the "ConsumerViewSM Profitability Score, which ranks households most likely to pay their debts." What is the origin of this "Aggregated credit information" and information to create a "Profitability Score?" Does it come from the main credit reporting files?

A.6. Experian Marketing Solutions provides product sets to marketers derived from aggregated and summarized information from Experian credit file data for the purpose of understanding broad consumer trends. This information is completely anonymized and merely summarizes financial information by market areas, enables insights as to historical financial trends, and to develop models to make more informed marketing decisions. Clients may only use this data for marketing and analytics purposes and not for eligibility or other permitted uses under the FCRA.

**RESPONSES TO WRITTEN QUESTIONS OF SENATOR REED
FROM BRIAN J. CASSIN**

Q.1. Please explain your company's current approach to incorporating Buy Now, Pay Later (or BNPL) lending into a consumer's credit file and describe the specific technological or commercial impediments to making sure BNPL repayment history is reported and scored in a standardized fashion.

A.1. Experian is actively working with Buy Now Pay Later lenders, or BNPL, to establish reporting processes using standard industry mechanisms (Metro 2). Becoming a data furnisher is a complicated process that requires not only the ability to accurately provide tradelines to the credit reporting agencies, but also handle disputes and other potential consumer inquiries. We are working diligently to provide the support BNPL lenders need to be part of the ecosystem. At this juncture this is still a relatively new initiative and few BNPL providers currently report their loans.

For the near term, loans reported to Experian will be included in the core credit report but not reflected in traditional credit scores until models adapt to consider BNPL data. We are committed to working with BNPL lenders, banks, and the CFPB to establish effective solutions for this data to be used in the credit ecosystem in a way that is meaningful to all types of lenders and fair to consumers. The CFPB has also indicated that BNPL providers should participate in the credit reporting system.

Q.2. We have recently heard credible reports of consumers receiving dozens or hundreds of unexpected and unwanted phone calls and texts, within hours of applying for a mortgage, from other lenders offering purportedly better financing. Do you make money from selling these so-called "trigger leads," which are used to target and spam unsuspecting customers? Do you believe dozens or hundreds of these solicitations are a nuisance for consumers? Do you have the ability to prevent the information that you provide to lenders from being used to overwhelm consumers with ads and solicitations? If so, why are reports of spam solicitations increasing?

A.2. Experian believes consumers deserve access to fair and affordable credit, including mortgages. We empower lenders to offer consumers choice in credit terms when shopping for a mortgage by alerting them when consumers engage in the mortgage marketplace. With a broader range of offers to consider, consumers have more options when they need them most. This can help consumers save thousands of dollars during the homebuying process. In a time

when interest rates and housing prices are rising, this can in some instances help people afford the right home for them.

We recognize that the current environment, with fewer mortgage applications being initiated, has contributed to an increase in the number of consumer contacts, and we are actively looking at this process. We also recognize that some consumers may not be interested in additional financing options. Consumers can quickly opt-out of receiving offers by visiting www.optoutpresceen.com or www.experian.com at any time. Experian processes and incorporates consumer-requested opt-outs within 48 hours of receipt.

The solutions Experian provides to the mortgage market are done so in the best interest of consumers and in accordance with the requirements of the Fair Credit Reporting Act. Our clients and partners are contractually required to maintain high levels of commitment to the responsible use of data, as well as uphold all applicable laws.

Q.3. What additional steps are your company taking to combat the recent increase in fraud targeted at service members and veterans?

A.3. Service members can sign up for free credit monitoring and credit reports at Experian IDnotify™ for Active Military Members (<https://www.experian.com/lp/military.html>). Deployed active-duty service members can place an active-duty alert on the credit report to prevent identity theft. More generally, all service members and their families can freeze their credit report with all three of the national CRAs. As with all consumers, the sooner irregularities are detected, the easier it is to prevent and remediate identity theft.

The Experian website also provides significant educational resources. For example, recent blog posts specifically warned about scams targeted at those in the military and at veterans and offered suggestions for how military families can save money. Experian also hosts online credit chats with partners who serve those in the military, veterans, and their family members.

When a military consumer disputes the accuracy of information in the credit report because the consumer believes that they have been the victim of fraud or identity theft, those cases are escalated to a specialized team dedicated to handling this type of dispute.

**RESPONSES TO WRITTEN QUESTIONS OF
SENATOR CORTEZ MASTO FROM BRIAN J. CASSIN**

Q.1. Can you explain why consumer complaints about credit reporting agencies at the Consumer Financial Protection Bureau complaint portal have skyrocketed over the past 2 years? Now, about three of four consumer complaints are about credit scores and credit reports.

A.1. We have over 220 million consumers in our credit reporting database, and submissions made to the CFPB portal represent .04 percent of consumers in our system. That said, every complaint we receive through the CFPB portal is taken seriously and resolved in a timely manner.

The CFPB's report shows that credit reporting submissions to the portal are mostly related to disputes about information

reported to us by a data furnisher, rather than complaints about something a CRA has done. The Fair Credit Reporting Act gives consumers the right to dispute information with CRAs and furnishers, but it appears that many consumers are now using the CFPB complaint portal to initiate a dispute rather than, or in addition to, directly coming to a CRA or furnisher.

It has also become apparent that a large portion of the increase in submissions is related to the activities of credit repair clinics. In 2021, we at Experian flagged 75 percent of complaints coming across the portal as credit repair, that number rose to 81 percent in 2022. Overall, we have seen a 225 percent increase in disputes coming into the complaint portal since last year.

Credit repair companies charge consumers hundreds or thousands of dollars on the promise to remove accurate, but negative data from the consumer's credit report. These unscrupulous companies then file multiple disputes with the bureaus, the CFPB, and lenders, betting on the inability to complete a reinvestigation within the statutory 30-day period within which disputes must be resolved, causing negative information to fall off a consumer's credit report at least temporarily. Credit repair companies are also using the portal to circumvent existing limitations that prevent third parties from filing frivolous disputes with CRAs or directly with furnishers.

The claims these credit repair organizations make to consumers are at best misleading and often deceptive. The CFPB has brought some enforcement actions against credit clinics for the deceitful marketing tactics they use on consumers, but to our knowledge has not taken action to prevent this type of deceptive and harmful conduct from occurring on the complaint portal. The complaint portal is not immune from these kinds of companies, and it should not be used by bad actors to harm or defraud consumers or cause disruption to CRAs and lenders, taking valuable time away from consumers with legitimate issues.

Q.2. How is your firm thinking about using the new Artificial Intelligence (AI) technologies?

Does your firm use—or are you considering using AI to communicate with consumers, in the dispute process and/or in value-added services such as credit scores?

A.2. Experian is committed to using advanced data, analytics, and innovative solutions to deliver faster and better services to our clients and consumers. We are constantly exploring and evaluating new technologies, including artificial intelligence. Our commitment is substantially based on a desire to help individuals to take control of their financial lives and access financial resources, businesses to make smarter decisions, lenders to lend more responsibly, and organizations to prevent identity fraud. That said, we have implemented rigorous standards to ensure that any use of artificial intelligence technologies meets all of our business and legal requirements.

Regardless of the technology deployed, our services must comply with all applicable Federal and State laws and leveraged safely and responsibly. This includes upholding the highest standards of data privacy, accuracy, security, and transparency.

Q.3. Does your firm sell consumer information to vendors? If so, how can people avoid having their information sold?

A.3. Experian sells credit report information to third-party resellers with a permissible purpose under the FCRA. We onboard our resellers with rigorous processes in place to verify the uses for which third parties are obtaining reports and they must operate in compliance with the Fair Credit Reporting Act.

Q.4. If a potential home buyer seeks a mortgage, are there any limits to how many vendors can purchase their information and how often—and through what means—they can contact the potential borrower?

A.4. Experian believes that consumers deserve access to fair and affordable credit, including mortgages. We empower lenders to offer consumers choice in credit terms when shopping for a mortgage by alerting them when consumers engage in the mortgage marketplace. With a broader range of offers to consider, consumers have more options when they need them most. This can help consumers save thousands of dollars during the homebuying process. In a time when interest rates and housing prices are rising, this can in some instances help people afford the right home.

However, we recognize that the current environment, with fewer mortgage applications being initiated, has caused an increase in the number of consumer contacts, and we are actively looking at this process. We also recognize that some consumers may not be interested in additional financing options. Consumers can quickly opt out of receiving offers by visiting www.optoutprescreen.com or www.experian.com at any time. Experian processes and incorporates consumer-requested opt-outs within 24–48 hours of receipt.

The solutions Experian provides to the mortgage market are done so in the best interest of consumers and in accordance with the requirements of the Fair Credit Reporting Act. Our clients and partners are contractually required to maintain high levels of commitment to the responsible use of data, as well as uphold all applicable laws.

Q.5. How does your firm address concerns and complaints from consumers who received unwanted solicitations or are upset with the lender who they think sold their information to a competitor?

A.5. Consumers who choose to not receive offers can simply opt-out. Every prescreened offer that is delivered to a consumer comes with the notice that a consumer can opt-out at any time. This is done through: 1-888-5-OPT-OUT (1-888-567-8688), www.optoutprescreen.com or at www.experian.com.

Consumers receive tremendous benefits from prescreened offers. These benefits range from creating a very competitive market for credit cards through perks, points, and lower interest rates, to setting the stage for large amounts of consumer choice in the mortgage and home equity space. The competition fostered in the marketplace by prescreening helps to lower the cost of credit to consumers, and to make credit more widely available to consumers.

Q.6. How does your company ensure consumer data is only shared or sold to legitimate and trustworthy third-party companies? How does your firm evaluate these third-party companies?

A.6. Experian adheres to documented and thorough due diligence processes for both the initial credentialing and recredentialing of Experian clients that ensures the entities and prospects are legitimate businesses and have permissible purpose to access consumer data. All clients and resellers of Experian data are vetted for legal and regulatory compliance issues. Prospective users that have a history of significant compliance issues may be permanently barred from obtaining Experian consumer data either directly or through a reseller.

Q.7. Does your firm sell consumer credit information to companies located outside of the United States? If so, for what purposes?

A.7. Only on rare occasions will Experian allow its consumer credit information to be sold outside of the United States, such as with Nova Credit, Inc. (a U.S.-based company that, for example, helps American ex-patriots build and obtain credit abroad) where they have agreed to abide by all applicable laws both foreign and domestic, and which requires consumer consent. We also have few clients that will utilize our data within their decisioning processes from locations outside of the United States (e.g., offshore call centers), with the same requirement of complying with all applicable foreign and domestic laws. In this case, data does not leave U.S. borders since the employees of the client will access the data through a secure client system. All entities will undergo the same credentialing and recredentialing process described in Question 6.

Q.8. If multiple consumers complain to your bureau about outreach they are getting from an individual company—does your company re-evaluate your arrangement with that company?

A.8. Experian utilizes a robust credentialing and recredentialing process to evaluate clients to detect items such as consumer complaints, un reputable business practices, and regulatory violations. Any identified concerns are considered when establishing decisions to conduct business with the clients.

Q.9. Have you ever declined to sell data to a company as a result of consumer complaints? If so, please explain.

A.9. Yes, Experian would and has declined to sell data to businesses based on consumer complaints. If Experian identifies any concerns with a business involving consumer complaints, that information would be taken into consideration in determining if Experian would conduct business with that entity.

Q.10. What measures do you take to ensure the privacy and security of consumer personal and financial information?

A.10. Data privacy is at the heart of what we do and the way we work. We are committed to transparent and responsible data practices and use. The Fair Credit Reporting Act, first enacted almost 50-years ago and updated several times since then, was the original financial privacy law on which many privacy laws around the world have been modeled. The guiding principles of the FCRA, including transparency, accuracy, and security, embody how we manage and use data, build products, and conduct our business around the world. Our aim is to balance privacy expectations with the social and economic benefits derived from the responsible use of data. Experian is committed to providing consumers with notice, choice,

and education about the use of their personal information, such as what information is collected, how the information is being used, as well as providing choices in the use of the information.

Security comes first at Experian. We continually enhance our security infrastructure, practices, and culture across the business. We invest heavily in cyber security and have specialist teams, state-of-the-art technology, and rigorous due diligence procedures to deal with potential threats. Our security approach has three tiers: applying tools and processes to prevent threats from entering our environment; detecting if a threat enters our environment; and mitigating any threats by minimizing the potential for information to be extracted from our environment.

Q.11. Are any demographic data points such as race, national origin or gender included in the data being sold?

A.11. Credit reports do not contain information about gender, race, or national origin.

Q.12. Can consumers select which data points about them that can be sold?

A.12. Experian complies with all applicable laws governing the sale and use of consumer data. The Fair Credit Reporting Act strictly governs what data can be included in credit reports and the circumstances in which consumer credit data can be released. Consumers also have the right to opt-out of having their data released for prescreened offers of credit and can do so easily at www.experian.com and www.optoutprescreen.com. Other privacy laws, including the Gramm-Leach-Bliley Act and numerous State laws, further govern the sale and use of data outside the context of the FCRA.

Q.13. Does your research find that people who live in States which have not expanded their Medicaid program have lower credit scores due to greater prevalence of medical debt?

A.13. Experian tracks credit scores on a State-by-State basis in an annual report. We have not studied the effect of the choices that States have made regarding Medicaid expansion. Our most recent findings can be found at What Is the Average Credit Score in the U.S.—Experian: <https://www.experian.com/blogs/ask-experian/what-is-the-average-credit-score-in-the-u-s/>. Information for consumers managing medical debt can be found at How Does Medical Debt Affect Your Credit Score?—Experian: <https://www.experian.com/blogs/ask-experian/medical-debt-and-your-credit-score/>.

Q.14. As your firm restricts some medical debt from being reported, what impact do you think this will have on credit scores for States that have not expanded Medicaid? Will they most likely still have lower credit scores than those States which did expand Medicaid?¹

A.14. Experian is committed to continue to study the impact that medical debt has on consumers while balancing the need to maintain predictive data on the credit file.

¹ Andrew Van Dam, “Analysis—Why the South Has Such Low Credit Scores”, *The Washington Post* (WP Company, February 21, 2023), <https://www.washingtonpost.com/business/2023/02/17/bad-southern-credit-scores/>.

Q.15. When someone changes their name, is it possible for someone to prevent their original name from appearing in their credit report to the person or firm which requested the credit report? This would be the bank, employer, property manager, etc.?

A.15. In the case of a legal name change for a transgender individual, we can suppress the consumer's previous name on the credit report. The individual consumer must contact the credit bureau to initiate this process. Once we receive the consumer request, it typically takes less than 10 days for the information to be updated in our system. Once the name has been changed, anyone checking the report will only see the new legal name. In updating a name, consumers are also advised to update their legal name with any creditors and financial institutions that may report to Experian to ensure continuity in the consumer's report.

Q.16. How can transgender people benefit from having their credit history remain after a name change without losing their privacy?

A.16. Experian is committed to ensuring that credit reports are accurate, which includes accurately reporting a consumer's identity. Gender designation is not part of a credit report. We also have a process through which an individual who has made a legal name change can provide appropriate documentation and request their name be updated on their Experian credit report while retaining all their credit history.

Q.17. Some have recommended removing all delinquencies from credit files after 4 years, instead of 7. How would limiting the time that delinquencies could be listed affect credit reports and scores?

A.17. The Fair Credit Reporting Act prohibits consumer reporting agencies from including in consumer reports most adverse information that is older than 7 years. The impact of removing negative data after 4 years has not been widely studied. It would certainly impact scoring models and underwriting models since they are calibrated to the current 7-year data retention standard. Reducing the length of time that all delinquencies may be reported to 4 years could also create blind spots for creditors who need to adequately assess risk, and ultimately make credit less available or extremely expensive for most of the population. Making the determination as to the impact of such a change would have to be studied by Congress, lenders, and their functional regulators to get to the right policy decision as it would broadly impact credit underwriting and risk.

Q.18. A recent research paper from the Federal Reserve of Minneapolis² found unexplained disparities in denial rates for solo applicants compared to dual applicants. In its sample of mortgage applications from the confidential Home Mortgage Disclosure Act (HMDA) dataset,* 56.1 percent feature a solo applicant. Lenders denied 3.7 percent of applications in the sample overall; the denial rate for solo applicants is 4.3 percent compared to 3.0 percent for dual applicants. Adjusting for differences in characteristics of solo

²Ben Horowitz, Kim-Eng Ky, and Libby Starling, "Higher Mortgage Denials for Solo Applicants Feed Racial Disparities in Lending", Federal Reserve Bank of Minneapolis, March 28, 2023, <https://www.minneapolisfed.org/article/2023/higher-mortgage-denials-for-solo-applicants-feed-racial-disparities-in-lending>.

applicants, the denial rate for solo applicants is 4.1 percent compared to 3.0 percent for dual applicants. The report noted that White applicants are the least likely to apply for a mortgage alone. Applications submitted by at least one White applicant are over 50 percent more likely to have a co-applicant than applications submitted by at least one Black applicant: 31 percent of applications submitted by at least one Black applicant have a co-applicant, compared to 48 percent of applications submitted by at least one White applicant. In addition, single women over 62 tend to have higher mortgage rates.

What insights does your firm have in the credit reports, credit scores and mortgage acceptance, and rates offered to single borrowers, especially borrowers of color and elderly women, compared to White and duo borrowers?

A.18. Experian does not have access to or maintain HMDA-related data. Experian receives credit inquiries and new tradelines in a credit report, but credit bureaus do not know if an application was declined, for what reason, or the terms of the loan. Credit reports and scores also do not contain data on protected characteristics such as race, gender, marital status, or ethnicity. Regulations such as the Equal Credit Opportunity Act (ECOA) forbid lenders from discriminating against any individual based on protected characteristics.

ADDITIONAL MATERIAL SUPPLIED FOR THE RECORD



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National Association of Federally-Insured Credit Unions

April 26, 2023

The Honorable Sherrod Brown
Chairman
Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, DC 20515

The Honorable Tim Scott
Ranking Member
Committee on Banking, Housing,
and Urban Affairs
United States Senate
Washington, DC 20510

Re: Tomorrow's Hearing: "Oversight of the Credit Reporting Agencies"

Dear Chairman Brown and Ranking Member Scott:

On behalf of the National Association of Federally-Insured Credit Unions (NAFCU), I am writing in conjunction with tomorrow's credit reporting agencies oversight hearing. NAFCU advocates for all federally-insured not-for-profit credit unions that, in turn, serve over 135 million consumers with personal and small business financial service products. We thank the Committee for your focus on the credit reporting system.

The foundation of America's national consumer credit system is the Fair Credit Reporting Act (FCRA), enacted by Congress in 1970 to streamline credit reporting and provide consumers with protection from inaccurate and inappropriate disclosures of personal information by consumer reporting agencies. Credit reporting agencies (CRAs) collect and compile information about consumers' creditworthiness from financial institutions, public records, and other sources. Credit unions rely on the national credit system to assess risk, manage portfolios, detect fraud, acquire new members, and grow those relationships. That is why we support a strong and secure credit bureau system.

The nation's credit reporting system is an important tool for financial institutions, such as credit unions, to responsibly lend to consumers while ensuring safety and soundness. Wide suppression of adverse information in credit reports could lead to significant changes in how lenders use credit information to make loans and disrupt consumer access to credit. As such, we urge you to reject efforts aimed at blanket suppression of adverse credit reporting information. A better step would be to encourage efforts to allow credit reporting to reflect loans where payments are deferred or in forbearance, so these loans do not negatively affect a consumer's credit score.

As you consider any potential changes to the credit reporting system, we caution you against certain approaches that may have unintended consequences. For example, some have proposed requiring furnishers of information, such as credit unions, to review and consider new or additional information each time a consumer disputes the accuracy of information in their credit report. We have some concerns that this could result in predatory credit repair organizations

The Honorable Sherrod Brown
The Honorable Tim Scott
April 26, 2023
Page 2 of 2

continually disputing accurate information, at great cost to financial institutions and consumers. Such continuous dispute opportunities could lead to situations where accurate “negative” information ends up being excluded from credit scores due to ongoing disputes. This will also leave less bandwidth for real disputes to be investigated. We also have concerns that proposals to expand private rights of action could have a chilling effect on credit unions and other financial institutions that could see a rise in frivolous lawsuits that will take resources away from serving consumers. Allowing courts injunctive relief could also lead to situations where courts may interpret the FCRA differently than the Consumer Financial Protection Bureau (CFPB), leading to confusion amongst financial institutions on how to comply with the FCRA.

Additionally, NAFCU and its member credit unions support the use of alternative credit score models to enhance access to affordable credit for creditworthy borrowers who have historically been marginalized. Credit unions work hard to provide products and services for their members, particularly those in underserved communities, including rural areas. Alternative credit score models that do not penalize borrowers for a lack of traditional credit history and include other data sources to verify creditworthiness have the potential to increase access to credit for these communities especially, furthering financial inclusion.

Finally, NAFCU supports efforts to hold CRAs accountable for their obligations under the Gramm-Leach-Bliley Act (GLBA) and to improve data security at the CRAs. When a breach occurs at a CRA, depository institutions should be made aware of the breach as soon as practicable so they can proactively monitor affected accounts. Furthermore, compliance by CRAs with the GLBA and these notification requirements should be examined for, and enforced by, a federal regulator, whether the Federal Trade Commission (FTC) or the CFPB. Finally, any new rules or regulations to implement these recommendations should recognize credit unions’ compliance with the GLBA and not place any new burdens on them.

Thank you for your attention and the opportunity to share our thoughts on these important issues. Should you have any questions or require additional information, please do not hesitate to contact me or Chad Adams, NAFCU’s Senior Director of Legislative Affairs, at (703) 842-2265 or cadams@nafcuh.org.

Sincerely,



Brad Thaler
Vice President of Legislative Affairs

cc: Members of the Committee on Banking, Housing, and Urban Affairs



May 3, 2023

Dear Members of the Senate Banking Committee:

Americans for Financial Reform (AFR) appreciates the opportunity to provide this statement for the record for the Senate Banking Committee's oversight hearing of the Credit Reporting Agencies. AFR is a nonpartisan and nonprofit coalition of more than 200 civil rights, consumer, labor, business, investor, faith-based, and civic and community groups. Formed in the wake of the 2008 crisis, we are working to lay the foundation for a strong, stable, and ethical financial system – one that serves the economy and the nation as a whole.

In this statement, AFR focuses on the need for the Big Three to make substantial policy changes in how consumer credit is reported in order to ensure an equitable financial market for all.

Credit scores are supposed to be race-neutral, however that is impossible given the current systemic and algorithmic bias in financial products. BIPOC communities, especially Black consumers, must make extraordinary efforts to overcome the discrimination that is often hidden in financial policies and products that are supposed to be non-discriminatory. The premise of the Equal Credit Opportunity Act of 1974 (ECOA) was to bar discriminatory practices, but decades of rogue debt collection practices, disenfranchising lending policies, unresolved credit reporting dispute resolutions, and discriminatory medical billing practices that saddle consumers with insurmountable debt have placed BIPOC consumers at a disadvantage when being subjected to a credit rating process that is presumed to fair.

We support strict requirements for the reporting of debt collection items because debt collectors are disproportionately responsible for errors on credit reports. They often report alleged debts on the wrong consumer's credit report, report debts that have already been paid, report the wrong amount, or report debts for which there is a dispute. Also, debt collection items are inherently negative so they always hurt the consumer's credit standing. An example illustrating the need for stricter requirements is the Consumer Financial Protection Bureau's (CFPB) latest enforcement action where it ordered [Portfolio Recovery Associates](#) to pay more than \$24 million for its ongoing illegal debt collection practices and consumer reporting violations. Enforcement actions such as these highlight why tighter requirements are not only advantageous for consumers, but

also comply with the CFPB's guidance on how debt collectors should interact and be accountable to consumers.

Medical debts, which make up more than half of debt collection items currently on credit reports, are a good example of information that does not accurately depict a consumer's credit worthiness. And while the credit bureaus' voluntary changes will reduce the amount of medical debt on credit reports, it will not eliminate them. Another example is rental debt, where tenants often dispute the amount they owe for supposed damages or a broken lease – and which can literally keep a tenant from finding new housing that is decent and affordable.

With respect to language access, it is simply unacceptable in a nation of immigrants for Experian and TransUnion to provide reports only in English. And while Equifax does provide credit reports in Spanish, all three credit bureaus should be providing them in many more languages – at least the eight most commonly spoken languages in the United States. This issue affects 25.5 million individuals in the U.S. over the age of five, or about 8.2% of that population.

The Big Three should remedy the issues consumers have when disputing inaccurate information on their credit reports. It is difficult for many consumers to deal with submitting a dispute to the Big Three credit bureaus. If they do a simple online dispute, it is often ineffective or treated as credit repair. It takes time and energy to compose and send a dispute via postal mail, which can be more effective but requires more resources. And the credit bureaus are biased in favor of creditors and debt collectors when they process a dispute, often automatically deferring to them.

Finally, we wanted to express our appreciation to the committee for tackling the widespread, entrenched abuses by the credit bureaus, which have gone on for too many decades. Thank you for protecting American consumers.

For more information, please contact Elyse Hicks, AFR's consumer policy counsel at elyse@ourfinancialsecurity.org.

Sincerely,

Americans for Financial Reform



May 2, 2023

The Hon. Sherrod Brown, Chairman
The Hon. Tim Scott, Ranking Member

U.S. Senate Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, D.C. 20510

Re: Hearing: "Oversight of the Credit Reporting Agencies."

Dear Chairman Brown and Ranking Member Scott:

Attached please find U.S. PIRG's statement for the record for your hearing on "Oversight of the Credit Reporting Agencies."

It describes our recommendations for overhauling the credit reporting system by making credit reports and scores fairer and more accurate and transparent.

In particular, we urge action to remove medically necessary debt from credit reports. Because so many health issues are beyond our control, medically necessary debt on credit reports shouldn't just be limited — it shouldn't be reported or considered at all.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Litt".

Mike Litt
Consumer Campaign Director, U.S. PIRG
mlitt@pirg.org

Opinion: It's not just Equifax. The whole credit reporting system needs an overhaul

Opinion by Mike Litt for CNN Business Perspectives

Published 9:11 AM EDT, Wed August 10, 2022 at

<https://www.cnn.com/2022/08/10/perspectives/equifax-credit-reporting/index.html>

Editor's Note: Mike Litt is U.S. PIRG's Consumer Campaign Director. The opinions expressed in this commentary are his own.

America's credit reporting system is broken. We saw the latest evidence of this last week, when news broke that [Equifax](#) sent lenders millions of incorrect credit scores, some of which were off by at least 25 points, for consumers applying for auto loans, mortgages and credit cards.

US consumers have long complained about [mistakes](#) on their [credit reports](#) and credit bureaus' failure to fix those [errors](#). Far too often, people are penalized for mistakes that the credit bureaus or data furnishers made, and irrelevant information — such as a job loss or illness — that doesn't predict [credit default](#). This can keep people from getting mortgages, good interest rates on auto loans or credit cards or even a job.

We've passed the tipping point for an overhaul, but it's clear that we can't rely on the credit bureaus to reform themselves. The latest Equifax news should push Congress and regulators to finally implement fixes that consumers and advocates have long called for. That means making credit reports and scores fairer and more accurate and transparent.

Here are some places they can start:

Identity-matching criteria

The big three credit bureaus, which create and house credit reports without our consent, act as the de facto gatekeepers to much of the financial marketplace. Credit scores, which lenders use to determine our creditworthiness when we apply for mortgages, loans and lines of credit, are derived from information on [credit reports](#) and calculated using [nontransparent algorithms](#).

These [credit bureaus](#) are required under the Fair Credit Reporting Act (FCRA) to "follow reasonable procedures to assure maximum possible accuracy." However, the Consumer Financial Protection Bureau (CFPB), the federal agency tasked with protecting consumers, continues to find that [credit reports](#) include information from unreliable data furnishers, which can mean that often times, the information is incorrect and can't be trusted.

To ensure information ends up on the right person's report, the CFPB should require stricter identity-matching criteria than it currently does, such as using all nine digits of a Social Security number to confirm a person's identity.

Dispute-handling

The CFPB also has uncovered inadequate handling of [disputes](#), including failure to review all of the information that consumers submitted to contest errors on their credit reports.

Rep. Ayanna Pressley's [Comprehensive CREDIT Act](#) is the gold standard for fixing the credit bureaus. Among other provisions, it would make it easier for consumers to correct mistakes on their reports by creating a new right to appeal the results of a credit bureau's investigation of a dispute.

Transparency

In recent years, the CFPB has fined all three national credit bureaus — [Equifax](#), [Experian](#) and [TransUnion](#) — millions of dollars for using deceptive marketing tactics in the sale of credit scores.

The [Comprehensive CREDIT Act](#) would direct the CFPB to establish standards for verifying the accuracy and predictive value of credit scoring models. It would also create a new right to a free annual [credit score](#) from each of the national credit bureaus. This would be in addition to the existing right consumers have to access one free [credit report](#) each year from each national credit bureau. Auto, mortgage and private student loan lenders would also be required to provide consumers copies of the credit reports and scores obtained to make decisions about lending to them.

Relevant information

Credit reports are supposed to give creditors an accurate sense of whether or not a consumer is at risk for defaulting on future payments. But too often they include information, aside from mistakes, that doesn't predict [credit default](#), or is due to a particular situation — often health-related — that is no longer relevant.

Following the March release of a [CFPB](#) medical debt report, which found about \$88 billion of medical debt sitting on consumer credit reports, the three national credit bureaus announced changes to the way they will treat the reporting of [medical debt](#). Those changes include no longer reporting medical debt that has been paid off and, starting in 2023, no longer reporting any medical debt under \$500.

While these changes will provide relief to many Americans, the CFPB's analysis shows that nearly half of the people who currently have [medical debt](#) on their reports still will after all the

changes go into effect. Because so many health issues are beyond our control, medically necessary debt on credit reports shouldn't just be limited — it shouldn't be reported or considered at all. The [Comprehensive CREDIT Act](#) would end the reporting of all medically necessary debt.

Public credit registry

Finally, it's also worth considering the idea of replacing the private [credit bureau](#) oligopoly with a [public credit registry](#), which would put the needs of consumers ahead of those purchasing their information by prioritizing accuracy and transparency. It could hold companies that consistently furnish incorrect or incomplete information accountable with fines.

Credit bureaus collect, store and share our data without our permission. It's time we make them accountable to us, not the companies that pay them to access our (not always accurate) credit information.