



## H.R. 3621 – The Comprehensive CREDIT Act of 2020

### **Background**

In the United States, a credit score determines where you can live, where you can work, and how much it will cost you to finance everything from a car to a college degree. But far too often, credit reporting agencies (CRAs) engage in misleading and unfair practices that keep consumers in the dark about errors on their reports and make it difficult to correct when these errors come to light. Consumers are frustrated with the current system and a systemic overhaul is long overdue. In fact, since beginning its supervision of CRAs in 2012, the Consumer Financial Protection Bureau (CFPB) has received nearly 325,000 consumer complaints against the reporting agencies.<sup>1</sup> It's estimated that more than 1 in 5 Americans has a "potentially material error" on their credit report, which can lead to less favorable loan terms, higher interest rates, or the denial of credit altogether.<sup>2</sup>

### **The Comprehensive CREDIT Act of 2020**

Congresswoman Pressley's bill, the Comprehensive Credit Reporting Enhancement, Disclosure, Innovation, and Transparency Act, or [the Comprehensive CREDIT Act of 2020](#), protects consumers from unfair, and misleading credit reporting practices and affirms the right of all Americans to an equitable and transparent credit reporting process. The bill includes tenets of several bills introduced by members of the House Financial Services Committee earlier this Congress and will address the deep flaws in the credit reporting system by:

1. Reforming the dispute process, making it easier for consumers to fix errors on their credit reports.
2. Restricting the use of credit checks and credit scores for hiring and employment purposes.
3. Providing relief for private student loan borrowers struggling to improve their credit scores by establishing a credit rehabilitation process for borrowers facing economic hardship.
4. Protecting consumers harmed by predatory financial institutions, identity theft and fraud by restoring their credit.
5. Banning the reporting of any debt accrued due to medically necessary procedures and delaying reporting for other medical debt.
6. Shortening the amount of time that most adverse credit information stays on a credit report from 7 years to 4 years, and 10 years to 7 years in the case of bankruptcy.
7. Strengthening the CFPB's authority to monitor the development of credit scoring models.

### **Endorsements**

The Comprehensive CREDIT Act has broad support from consumer, civil rights, labor, community, and industry organizations including Americans for Financial Reform, Consumer Federation of America, Leadership Conference on Civil and Human Rights, National Consumer Law Center, National Fair Housing Alliance, Public Citizen, and National Association of Realtors, among others.

<sup>1</sup> Consumer Financial Protection Bureau. "Consumer Complaint Database," [https://www.consumerfinance.gov/data-research/consumer-complaints/search/?from=0&product=Credit%20reporting%2C%20credit%20repair%20services%2C%20or%20other%20personal%20consumer%20reports%E2%80%A2Credit%20reporting&searchField=all&searchText=&size=25&sort=created\\_date\\_desc](https://www.consumerfinance.gov/data-research/consumer-complaints/search/?from=0&product=Credit%20reporting%2C%20credit%20repair%20services%2C%20or%20other%20personal%20consumer%20reports%E2%80%A2Credit%20reporting&searchField=all&searchText=&size=25&sort=created_date_desc)

<sup>2</sup> CNBC. "The real problem with credit reports is the astounding number of errors," <https://www.cnbc.com/2017/09/27/the-real-problem-with-credit-reports-is-the-astounding-number-of-errors-equifax-commentary.html>