



PROTECTING AMERICA'S CONSUMERS

MAIN MENU

SEARCH

TeleCheck to Pay \$3.5 Million for Fair Credit Reporting Act Violations

Penalty Matches FTC's Second-Largest Ever in an FCRA Case

FOR RELEASE

January 16, 2014

TAGS: [Bureau of Consumer Protection](#) | [Consumer Protection](#) | [Credit and Finance](#)

TeleCheck Services, Inc., one of the nation's largest check authorization service companies, along with its associated debt-collection entity, TRS Recovery Services, Inc., have agreed to pay \$3.5 million to settle Federal Trade Commission charges that they violated the [Fair Credit Reporting Act \(FCRA\)](#).

The penalty matches the second-largest ever obtained by the FTC in an FCRA case. Earlier this year, another check authorization company, [Certegy Check Services, Inc.](#), agreed to pay a [\\$3.5 million fine](#) to settle FTC allegations similar to those made against TeleCheck.

TeleCheck, based in Houston, Texas, is a consumer reporting agency (CRA) that compiles consumers' personal information and uses it to help retail merchants throughout the United States determine whether to accept consumers' checks. Under the FCRA, consumers whose checks are denied based on information TeleCheck provided to the merchant have the right to dispute that information and have TeleCheck investigate and correct any inaccuracies.

The [FTC's complaint alleges, among other things, that TeleCheck did not follow proper dispute procedures](#), including refusing to investigate disputes. The complaint also alleges that TeleCheck failed to follow reasonable procedures to assure the maximum possible accuracy of the information it provided to its merchant clients as required by the FCRA, and failed to promptly correct errors on consumers' reports.

In addition, the complaint alleges that TRS, which handles consumer debt taken on by TeleCheck and furnishes information about consumers to TeleCheck, violated the requirements of the FTC's Furnisher Rule, which requires entities furnishing information to CRAs to ensure the accuracy and integrity of the information provided.

"If CRAs like TeleCheck provide merchants with inaccurate information, those merchants may wrongly deny consumers the ability to buy even the most essential items, like food and medicine. The FCRA gives consumers the right to dispute and correct inaccurate information," said Jessica Rich, Director of the Federal Trade Commission's Bureau of Consumer Protection. "The Commission takes violations of these rights seriously."

The [order settling the FTC's charges requires TeleCheck and TRS to alter their business practices](#) to comply with the requirements of the FCRA and the Furnisher Rule in the future. This case is part of a broader initiative to target the practices of data brokers, which often compile, maintain, and sell sensitive consumer information. Consumer reporting agencies like TeleCheck are data brokers that sell information to companies making important decisions about consumers, such as their ability to get credit or pay for goods and services by check.

Information for Business

The FTC has [information for businesses on the Furnisher Rule](#), which can be found on the Commission's website. Information regarding [what businesses should know about consumer reports](#) also is available.

The Commission vote approving the referral of the complaint to the Department of Justice and consent in settlement of the court action was 4-0. The complaint and proposed consent were filed in the U.S. District Court for the District of Columbia on January 16, 2014 against TeleCheck, Inc. and TRS Recovery Services, Inc. The proposed consent decree is subject to court approval.

NOTE: The Commission authorizes the filing of a complaint when it has "reason to believe" that the law has been or is being violated, and it appears to the Commission that a proceeding is in the public interest. Consent decrees have the force of law when signed by the District Court judge.

The Federal Trade Commission works for consumers to prevent fraudulent, deceptive, and unfair business practices and to provide information to help spot, stop, and avoid them. To file a complaint in English or Spanish, visit the FTC's online [Complaint Assistant](#) or call 1-877-FTC-HELP (1-877-382-4357). The FTC enters complaints into Consumer Sentinel, a secure, online database available to more than 2,000 civil and criminal law enforcement agencies in the U.S. and abroad. The FTC's website provides [free information on a variety of consumer topics](#). Like the FTC on [Facebook](#), follow us on [Twitter](#), and [subscribe to press releases](#) for the latest FTC news and resources.

CONTACT INFORMATION

MEDIA CONTACT:

Mitchell J. Katz
Office of Public Affairs
202-326-2161

STAFF CONTACTS:

Katherine Armstrong
Bureau of Consumer Protection
202-326-3250

Kristen Anderson
Bureau of Consumer Protection
202-326-3209



Related Cases

[TeleCheck Services, Inc.](#)

For Consumers

[Blog: Keeping Your Credit Report in Check](#)

[Free Credit Reports](#)

[Disputing Errors on Credit Reports](#)

For Businesses

[Blog: FTC challenges TeleCheck's checkered compliance with the Fair Credit Reporting Act](#)

[Consumer Reports: What Information Furnishers Need to Know](#)

[Credit Reporting](#)

Media Resources

Our [Media Resources](#) library provides one-stop collections of materials on numerous issues in which the FTC has been actively engaged. These pages are especially useful for members of the media.

[Contact](#)

[Stay Connected](#)

[Privacy Policy](#)

[FTC en español](#)

ABOUT THE FTC

[What We Do](#)

[Our History](#)

[Commissioners](#)

[Bureaus & Offices](#)

[Biographies](#)

[Budgets](#)

[Performance](#)

[Office of Inspector General](#)

[FOIA](#)

[Careers at the FTC](#)

NEWS & EVENTS

- Press Releases
- Media Resources
- Events Calendar
- Speeches
- Audio/Video
- Social Media
- Blogs

ENFORCEMENT

- Cases and Proceedings
- Premerger Notification Program
- Merger Review
- Anticompetitive Practices
- Rules
- Statutes
- Consumer Sentinel Network

POLICY

- Advocacy
- Advisory Opinions
- Federal Register Notices
- Reports
- Testimony
- Public Comments
- International

TIPS & ADVICE

- For Consumers
- Business Center
- Competition Guidance

I WOULD LIKE TO...

- Submit a Consumer Complaint to the FTC
- File a Comment
- Get a Free Copy of My Credit Report
- List a Number on the National Do Not Call Registry

[Report An Antitrust Violation](#)

SITE INFORMATION

[Privacy Policy](#)

[Website Policy](#)

[No FEAR Act](#)

[USA.gov](#)

[Accessibility](#)

[Digital Government Strategy](#)

[Open Government](#)

FEDERAL TRADE COMMISSION

Headquarters:

600 Pennsylvania Avenue, NW

Washington, DC 20580

[Contact Us](#)

Stay Connected with the FTC