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BUREAU OF CONSUMER FINANCIAL PROTECTION

Compliance Bulletin - The FCRA's Requirement That Furnishers Establish and Implement Reasonable Written Policies and Procedures Regarding the Accuracy and Integrity of Information Furnished to All Consumer Reporting Agencies

AGENCY: Bureau of Consumer Financial Protection.

ACTION: Compliance bulletin.

SUMMARY: This document highlights existing obligations under the Fair Credit Reporting Act (FCRA) for furnishers of consumer information to consumer reporting agencies (CRAs) to establish and implement reasonable written policies and procedures regarding the accuracy and integrity of information furnished to all CRAs. In recent reviews of the furnishing practices of financial institutions, the Consumer Financial Protection Bureau (CFPB or Bureau) found that some financial institutions are not compliant with their obligations with regard to furnishing to specialty CRAs, including the furnishing of deposit account information. An institution's relevant policies and procedures must encompass the institution's furnishing to all types of CRAs.

The CFPB will continue to monitor furnishers' compliance with these obligations to ensure they meet their accuracy and integrity obligations for any information that they furnish.

DATES: The Bureau released this Compliance Bulletin on its website on February 3, 2016.

FOR FURTHER INFORMATION CONTACT: Anthony Rodriguez, Attorney, 202-435-9726; or Laurie Sellick, Attorney, 202-435-7262, Office of Supervision Policy.

SUPPLEMENTARY INFORMATION:

I. Compliance Bulletin

The CFPB issues this bulletin to emphasize the obligation of furnishers¹ under Regulation V to establish and implement reasonable written policies and procedures regarding the accuracy and integrity of information relating to consumers that they furnish to CRAs. This obligation, which has been required under Regulation V since July 2010,² applies to furnishing to all CRAs, including furnishing to specialty CRAs, such as the furnishing of deposit account information to CRAs. Furnishers must have policies and procedures that meet this requirement with respect to *all* CRAs to which they furnish.

The supervisory experience of the Bureau suggests that some financial institutions are not compliant with their obligations under Regulation V with regard to furnishing to specialty CRAs. Furnishers' establishment and implementation of reasonable policies and procedures regarding the accuracy and integrity of information are essential components of a fair and accurate credit reporting system. Such policies and procedures protect against the furnishing of inaccurate information that could potentially cause adverse consequences for consumers when included in a credit report, such as being denied a loan at a more favorable interest rate or being unable to open a transaction account.

While furnisher obligations under Regulation V are the focus of this bulletin, the CFPB recognizes that both furnishers and CRAs have independent obligations under the FCRA related to the accuracy of information and to the investigation of consumer disputes. The CFPB expects both furnishers and CRAs to comply with their respective duties.

Furnishers must establish and implement reasonable written policies and procedures regarding the accuracy and integrity of information relating to consumers that they furnish to

¹ 12 CFR 1022.41(c).

² See 74 FR 31484 (July 1, 2009). Although promulgated in July 2009, the rule provided furnishers one year's notice of this obligation before the rule became effective on July 1, 2010.

CRAs.³ These policies and procedures must be appropriate to the nature, size, complexity, and scope of each furnisher’s activities.⁴ When creating these policies and procedures, furnishers must consider the factors listed in the “Interagency Guidelines Concerning the Accuracy and Integrity of Information Furnished to Consumer Reporting Agencies” and incorporate those guidelines that are appropriate.⁵ Additionally, each furnisher must periodically review and update its policies and procedures to ensure their continued effectiveness.⁶

These policies and procedures must encompass the institution’s furnishing to all types of CRAs. For example, if an institution furnishes both credit information to nationwide CRAs and deposit account information to nationwide specialty CRAs, that institution must consider the appropriate approach to each type of furnishing in its policies and procedures in order to comply with Regulation V.⁷ The type, frequency, and nature of the information furnished to CRAs can vary significantly. There also may be significant differences in the reporting formats and codes used to furnish to these agencies. An institution’s obligation to have “reasonable written policies and procedures” applies to all types of information relating to consumers furnished to each of the CRAs to which it furnishes.

The CFPB will continue to monitor furnishers’ compliance with the Regulation V requirement to establish and implement reasonable written policies and procedures regarding the accuracy and integrity of all furnished information. Furnishers must ensure that they have such policies and procedures in place with respect to all information furnished. If the CFPB determines that a furnisher has engaged in any acts or practices that violate Regulation V or other federal consumer financial laws and regulations, it will take appropriate supervisory and

³ 15 U.S.C. 1681s-2(e); 12 CFR 1022.42(a).

⁴ 12 CFR 1022.42(a).

⁵ 12 CFR 1022.42(b). The guidelines are codified in Appendix E to Regulation V, 12 CFR part 1022.

⁶ 12 CFR 1022.42(c).

⁷ See 12 CFR part 1022, Appendix E, § I(a).

enforcement actions to address violations and seek all appropriate remedial measures, including redress to consumers.

II. Regulatory Requirements

This Compliance Bulletin summarizes existing requirements under the law and findings made in the course of exercising the Bureau's supervisory and enforcement authority, and is a non-binding general statement of policy articulating considerations relevant to the Bureau's exercise of its supervisory and enforcement authority. It is therefore exempt from notice and comment rulemaking requirements under the Administrative Procedure Act pursuant to 5 U.S.C. 553(b). Because no notice of proposed rulemaking is required, the Regulatory Flexibility Act does not require an initial or final regulatory flexibility analysis. 5 U.S.C. 603(a), 604(a). The Bureau has determined that this Compliance Bulletin does not impose any new or revise any existing recordkeeping, reporting, or disclosure requirements on covered entities or members of the public that would be collections of information requiring OMB approval under the Paperwork Reduction Act, 44 U.S.C. 3501, *et seq.*

Dated: January 27, 2016.

Richard Cordray,

Director, Bureau of Consumer Financial Protection.

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