

JULY 12, 2018

# Brown Opening Statement at Banking Committee Hearing on Credit Bureaus and the Fair Credit Reporting Act

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WASHINGTON, D.C. — U.S. Sen. Sherrod Brown (D-OH) – ranking member of the U.S. Senate Committee on Banking, Housing, and Urban Affairs – released the following opening statement at today’s hearing titled ‘An Overview of the Credit Bureaus and the Fair Credit Reporting Act’.

Sen. Brown’s remarks, as prepared for delivery, follow:

Thank you, Mr. Chairman.

And thanks to our witnesses for joining us today. I hope I can be excused to particularly welcome Ms. Twohig from the Consumer Protection Bureau, who is from Fairview Park, just outside of Cleveland. Ms. Twohig graduated from Ohio State, worked for the Cleveland Foundation, and has a long career as a public servant with the FTC, at the Treasury Department, and as an early employee of the CFPB.

Right now, the consumer credit reporting system is stacked against Americans. A bad credit report can keep you out of a job or put you on a list where you'll be targeted with expensive credit cards or high-cost loans, and you're almost powerless to do anything about it.

Americans have basically no control over these reports that can dictate their lives and their family's plans for the future. They often don't even know whether or not they're accurate.

About six years ago, I chaired a subcommittee hearing where consumer advocates and the CFPB identified problems in the credit reporting industry. And we've had several hearings in this committee over the last year on credit reporting companies and data privacy.

In the meantime, breach after breach has occurred. Last year, 148 million Americans had their sensitive data stolen, as hackers exploited a known security flaw that Equifax didn't fix.

Millions more have been affected by breaches at banks like JPMorgan Chase, stores like Target, and at Whole Foods and even Trump Hotels. Congressional efforts, including provisions included in S. 2155, haven't done anything meaningful to address accuracy of credit reports, to fix privacy concerns, or to give consumers control over their own personal data.

At the same time, big tech companies are continually adding more and more of our personal information to their digital warehouses. They have financial and personal details about hundreds of millions of Americans, and see the potential for a big payday in selling that data to credit reporting companies.

Those corporations are amassing more and more of our data, but still seem totally unprepared to deal with cyberattacks. They are building virtual silver platters for hackers.

People want and deserve a lot more control over their personal information. And credit reporting presents a unique problem, because often Americans don't even know these corporations are collecting their data in the first place.

Right now, consumers can't vote with their feet when a credit bureau fails to protect their privacy.

Congress passed the Fair Credit Reporting Act in the first place to rein in credit bureaus that originally functioned as unsupervised spy agencies, collecting personal information that we'd be appalled to see in someone's credit report today.

After scandals at Facebook, people are rightfully worried about big companies once again compiling and selling piles of personal data on every American, without our knowledge, our control, or our consent.

Most Americans would be surprised at how lenders are putting this data to use. Last week, *The Washington Post* ran a story about a company called Mariner Finance that uses a loophole in the FCRA to look at people's credit records without their permission, and then targets them with scams.

Mariner sends checks for thousands of dollars to struggling families that can be cashed the day they're plucked from the mail. But the checks are really just expensive loans, waiting to trap the consumer who cashes them.

Now, Mariner will tell you that they are “increasing access to credit.” But that’s exactly what we were told about subprime loans. The fact is, Mariner is weaponizing people’s credit history to target them with an expensive loan, and making huge profits for the hedge fund that owns it.

Your credit report can also be used to force you into court, rightly or wrongly, to settle debts. But what if your credit card company or your cable provider erroneously reports a missed payment or defaulted account? They’re protected – you can’t take them to court at all.

And, it turns out that’s a big problem. A CFPB paper found last year that credit reporting companies haven’t been doing enough to ensure that the information they get is accurate. And what incentive do they have? The people they hurt won’t be able to have their day in court.

We’ve heard that one before.

The credit reporting system is backward. Like so much of our economy, it works for big corporations, but doesn’t work for regular Americans.

The Fair Credit Reporting Act is almost 50 years old. The amount and type of information being collected today would have been unthinkable when it was created. It’s time for a serious overhaul that puts Americans in control of their own data. I’ve introduced bills, and so have many of my colleagues, that would do just that.

I hope the Committee will not only listen to the advice we get today, but will also take action to give people control over what should be their personal information.

Thank you, Mr. Chairman.

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