



Reed & Van Hollen Introduce the Consumer Credit Control Act

10/24/2019 — **WASHINGTON, DC** - In an effort to empower consumers and put Americans in control of their personal information and credit reports, **U.S. Senators Jack Reed (D-RI)** and **Chris Van Hollen (D-MD)** today introduced the Consumer Credit Control Act (S. 2685). This bill would amend the Fair Credit Reporting Act to give consumers control over when and how their consumer reports are shared by credit bureaus.

Under current law, the existing consumer reporting system is backwards: Credit bureaus collect, analyze, and organize massive amounts of personal information on consumers -- often without our knowledge -- in order to compile consumer reports. The personal information collected in these reports is then sold to financial institutions, insurance companies, or employers who use it to make critical credit or employment decisions. Credit information about consumers may also be sold to companies for marketing purposes.

Following Equifax's failure in 2017 to secure troves of valuable personally identifiable information it collected on over 145 million Americans, it was evident that this system had to change. Indeed, the National Consumer Law Center's Chi Chi Wu stated in her October 2017 testimony before the House Financial Services Committee that the Equifax breach *"means half of the US population and nearly three-quarters of the consumers with active*

credit reports are now at risk of identity theft due to one of the worst – if not the worst – breaches of consumer data in American history. These Americans are at risk of having false new credit accounts, phony tax returns, and even spurious medical bills incurred in their good names.” To make matters worse, the risks of identity fraud may not dissipate over time. As Ed Mierzewski, U.S. PIRG’s federal Consumer Program Director, explains *“unlike credit card numbers, your Social Security Number and Date of Birth don’t change and may even grow more valuable over time, like gold in a bank vault. Much worse, they are the keys to ‘new account identity theft.’”*

The Consumer Credit Control Credit Act would require consumer reporting agencies to first obtain a consumer’s affirmative informed consent in order to sell their credit reports and scores to lenders, insurers, and others. Additionally, the Reed-Van Hollen bill compels every consumer reporting agency to take appropriate steps to prevent unauthorized access to the consumer reports and personal information they maintain. These changes are designed to make it tougher for criminals to fraudulently open new credit or insurance accounts in other people’s names.

“The big credit bureaus are collecting your personal information and selling it to other companies for their own financial gain, often without your permission and without adequately protecting your privacy. This data is incredibly valuable, and it’s being packaged and sold to other entities that may then turn around and use it not just to determine credit worthiness, but also whether to let someone rent an apartment, provide insurance coverage, or hire a person. Consumer reporting agencies play an important role in our financial system, but with that comes a responsibility to put consumers in charge of their own data,” **said Senator Reed**, a senior member of the Banking Committee. “Our legislation, at no cost to the consumer, gives Americans greater control over when and how their consumer reports are released when applying for new credit, a loan, or insurance. Under my bill, consumer reporting agencies are required to verify a consumer’s identity and secure the consumer’s permission before releasing consumer reports in instances that are particularly vulnerable to identity theft and fraud.”

“Consumers should know what is going into their credit report, as well as how and when it’s being used. Unfortunately, the current system is totally backwards. Right now, when there’s a data breach or a mistake in their credit report, consumers are stranded with little to no recourse. These errors can wreak havoc on individuals’ financial options – from buying a car to taking out a mortgage. That’s why I’m proud to join Senator Reed in

introducing this common-sense legislation to put consumers back in control. I urge the Congress to take up this legislation immediately,” **said Senator Van Hollen.**

The Consumer Credit Control Credit Act is backed by a number of key consumer rights advocates, including: the National Consumer Law Center (on behalf of its low-income clients); U.S. PIRG; Americans for Financial Reform; the Center for Digital Democracy; Consumer Action; the Consumer Federation of America; Consumer Reports; Demos; the NAACP; the National Association of Consumer Advocates; the National Fair Housing Alliance; Public Citizen; Tennessee Citizen Action; and the Woodstock Institute.