

**Congress of the United States**  
**House of Representatives**

SELECT SUBCOMMITTEE ON THE CORONAVIRUS CRISIS

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October 13, 2022

The Honorable Rohit Chopra  
Director  
Consumer Financial Protection Bureau  
1700 G Street, N.W.  
Washington, D.C. 20552

Dear Director Chopra:

The Select Subcommittee on the Coronavirus Crisis is investigating reports that the three nationwide consumer reporting agencies (NCRAs)—Equifax, Experian, and TransUnion—became less responsive to consumer complaints and disputes regarding errors in consumer credit reports during the coronavirus crisis.<sup>1</sup> Information obtained by the Select Subcommittee indicates that there are longstanding problems with the practices employed by the NCRAs in responding to consumers who challenge credit reporting errors. These data also raise concerns about whether the NCRAs are fulfilling all of their obligations to consumers and to the Consumer Financial Protection Bureau (CFPB) under the Fair Credit Reporting Act (FCRA). Accordingly, I write to share this new evidence and request that CFPB use its supervisory authority to further investigate and address these important issues.

**A. The NCRAs Are Obligated to Address Errors in Consumer Credit Reports**

Under the FCRA, the NCRAs are legally required to “follow reasonable procedures to assure maximum possible accuracy” of the information contained in consumer credit reports.<sup>2</sup> Despite this requirement, the credit reporting system is riddled with errors.<sup>3</sup> A 2021 Consumer Reports survey found that one in three consumers reported an error.<sup>4</sup> The coronavirus crisis and

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<sup>1</sup> Select Subcommittee on the Coronavirus Crisis, *Press Release: Select Subcommittee Launches Investigations into Credit Reporting Failures During Pandemic* (May 25, 2022) (online at <https://coronavirus.house.gov/news/press-releases/clyburn-equifax-experian-transunion-cares-act-credit>).

<sup>2</sup> 15 U.S.C. § 1681e(b).

<sup>3</sup> The Brookings Institution, *The Real Problem with Credit Reports Is the Astounding Number of Errors* (Sept. 28, 2017) (online at [www.brookings.edu/research/the-real-problem-with-credit-reports-is-the-astounding-number-of-errors/](http://www.brookings.edu/research/the-real-problem-with-credit-reports-is-the-astounding-number-of-errors/)); Committee on Financial Services, Subcommittee on Oversight and Investigations, Testimony of Chi Chi Wu, National Consumer Law Center, *Hearing on Consumer Credit Reporting: Assessing Accuracy and Compliance* (May 26, 2021) (online at <https://democrats-financialservices.house.gov/UploadedFiles/HHRG-117-BA09-Wstate-WuC-20210526.pdf>).

<sup>4</sup> Consumer Reports, *Consumer Reports Investigation Finds More Than One-Third of Consumers Found Errors in Their Credit Reports* (June 10, 2021) (online at [www.consumerreports.org/media-room/press-](http://www.consumerreports.org/media-room/press-)

ensuing economic downturn also gave rise to new sources of errors in consumers' credit reports, such as a spike in identity theft in 2020 as wrongdoers attempted to fraudulently obtain pandemic relief benefits.<sup>5</sup> The prevalence of credit reporting errors has been particularly concerning at a time when Americans have needed access to credit in order to weather difficult economic circumstances brought on by the pandemic. Errors in credit reports can reduce consumers' credit scores, potentially blocking access to loans, housing, and employment, among other serious consequences.<sup>6</sup>

**B. Consumers Dispute Credit Reporting Errors More Often Than Previously Known, but the NCRAs Do Not Always Investigate These Disputes**

Consumers have two main avenues of redress when they discover an error in their credit report. The first is to submit a complaint about the error to CFPB, which then routes the complaint to the relevant NCRA(s) for investigation.<sup>7</sup> The second is to directly contact either the NCRAs or the relevant data furnisher (the source of the information, such as a credit card company or lender) to contest the erroneous information—a process known as a “dispute.” The FCRA requires the NCRAs and data furnishers to investigate disputes.<sup>8</sup>

The Select Subcommittee obtained data from the NCRAs showing that consumers have been disputing items on their credit reports at a scale much greater than previously known.<sup>9</sup> Specifically, the number of dispute submissions the NCRAs directly received each year in 2019, 2020, and 2021 was at least double the amount previously estimated by CFPB. The number of dispute submissions filed directly with the NCRAs was also at least 22 times the number of credit reporting complaints filed through CFPB during this time.<sup>10</sup> Data obtained by the Select

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releases/2021/06/consumer-reports-investigation-finds-more-than-one-third-of-consumers-found-errors-in-their-credit-reports/).

<sup>5</sup> Select Subcommittee on the Coronavirus Crisis, *Press Release: Select Subcommittee Launches Investigations into Credit Reporting Failures During Pandemic* (May 25, 2022) (online at <https://coronavirus.house.gov/news/press-releases/clyburn-equifax-experian-transunion-cares-act-credit>).

<sup>6</sup> Committee on Financial Services, Subcommittee on Oversight and Investigations, Testimony of Chi Chi Wu, National Consumer Law Center, *Hearing on Consumer Credit Reporting: Assessing Accuracy and Compliance* (May 26, 2021) (online at <https://democrats-financialservices.house.gov/UploadedFiles/HHRG-117-BA09-Wstate-WuC-20210526.pdf>); Consumer Financial Protection Bureau, *Annual Report of Credit and Consumer Reporting Complaints: An Analysis of Complaint Responses by Equifax, Experian, and TransUnion*, at 5 (Jan. 2022) (online at [https://files.consumerfinance.gov/f/documents/cfpb\\_fcra-611-e\\_report\\_2022-01.pdf](https://files.consumerfinance.gov/f/documents/cfpb_fcra-611-e_report_2022-01.pdf)).

<sup>7</sup> Consumer Financial Protection Bureau, *Annual Report of Credit and Consumer Reporting Complaints: An Analysis of Complaint Responses by Equifax, Experian, and TransUnion*, at 14-16 (Jan. 2022) (online at [https://files.consumerfinance.gov/f/documents/cfpb\\_fcra-611-e\\_report\\_2022-01.pdf](https://files.consumerfinance.gov/f/documents/cfpb_fcra-611-e_report_2022-01.pdf)).

<sup>8</sup> 15 U.S.C. § 1681i(a)(1)(A); Consumer Financial Protection Bureau, *Annual Report of Credit and Consumer Reporting Complaints: An Analysis of Complaint Responses by Equifax, Experian, and TransUnion*, at 9 (Jan. 2022) (online at [https://files.consumerfinance.gov/f/documents/cfpb\\_fcra-611-e\\_report\\_2022-01.pdf](https://files.consumerfinance.gov/f/documents/cfpb_fcra-611-e_report_2022-01.pdf)).

<sup>9</sup> See enclosure, Table 1.

<sup>10</sup> CFPB received a record-breaking number of complaints about the NCRAs in 2020 and 2021, including more than 619,000 in 2021 alone. Compare enclosure, Table 1, with Consumer Financial Protection Bureau, *Annual Report of Credit and Consumer Reporting Complaints: An Analysis of Complaint Responses by Equifax, Experian, and TransUnion*, at 21 (Jan. 2022) (online at [https://files.consumerfinance.gov/f/documents/cfpb\\_fcra-611-e\\_report\\_2022-01.pdf](https://files.consumerfinance.gov/f/documents/cfpb_fcra-611-e_report_2022-01.pdf)).

Subcommittee show that Equifax alone received nearly 14 million dispute submissions in 2021, far more than the eight million previously estimated by CFPB for the three NCRAs combined.<sup>11</sup>

Concerningly, these numbers do not even include all the dispute submissions actually received by the NCRAs. Evidence obtained by the Select Subcommittee shows that the NCRAs have been discarding tens of millions of dispute submissions without investigation due to their suspicion that unauthorized third parties were involved.<sup>12</sup> Specifically, at least 13.8 million dispute submissions were discarded without investigation between 2019 and 2021 alone and are not included in the numbers presented above.<sup>13</sup>

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e\_report\_2022-01.pdf), and Consumer Financial Protection Bureau, *Consumer Response Annual Report: January 1 – December 31, 2021* (Mar. 31, 2022) (online at [https://files.consumerfinance.gov/f/documents/cfpb\\_2021-consumer-response-annual-report\\_2022-03.pdf](https://files.consumerfinance.gov/f/documents/cfpb_2021-consumer-response-annual-report_2022-03.pdf)).

<sup>11</sup> Experian and TransUnion provided data on the number of disputed items but not the number of dispute submissions, so the total number of dispute submissions received by all three NCRAs between 2019 and 2021 is not clear. However, the number of items disputed with each company each year was fairly similar (see enclosure, Table 1). Consumer Financial Protection Bureau, *Annual Report of Credit and Consumer Reporting Complaints: An Analysis of Complaint Responses by Equifax, Experian, and TransUnion*, at 21 (Jan. 2022) (online at [https://files.consumerfinance.gov/f/documents/cfpb\\_fcra-611-e\\_report\\_2022-01.pdf](https://files.consumerfinance.gov/f/documents/cfpb_fcra-611-e_report_2022-01.pdf)).

<sup>12</sup> See enclosure, Table 2. Third parties may include companies or other actors that interact with the NCRAs on behalf of a consumer, such as an attorney or family member. The NCRAs generally require documentation showing that a consumer has authorized a third party to act on their behalf; otherwise, the NCRAs may consider the dispute submission to be “unauthorized,” in which case they rely on Federal Trade Commission guidance to justify dismissing the dispute without investigation. Consumer Financial Protection Bureau, *Annual Report of Credit and Consumer Reporting Complaints: An Analysis of Complaint Responses by Equifax, Experian, and TransUnion*, at 16-20, 27-29 (Jan. 2022) (online at [https://files.consumerfinance.gov/f/documents/cfpb\\_fcra-611-e\\_report\\_2022-01.pdf](https://files.consumerfinance.gov/f/documents/cfpb_fcra-611-e_report_2022-01.pdf)); Federal Trade Commission, *40 Years of Experience with the Fair Credit Reporting Act: An FTC Staff Report with Summary of Interpretations* (July 2011) (online at [www.ftc.gov/sites/default/files/documents/reports/40-years-experience-fair-credit-reporting-act-ftc-staff-report-summary-interpretations/110720fcrareport.pdf](http://www.ftc.gov/sites/default/files/documents/reports/40-years-experience-fair-credit-reporting-act-ftc-staff-report-summary-interpretations/110720fcrareport.pdf)); TransUnion, Consumer Operations Policy Statement: 0140 – Third Party Requests (Oct. 7, 2019) (TUCONG\_000003574-76) (online at [https://coronavirus.house.gov/sites/democrats.coronavirus.house.gov/files/TUCONG\\_000003574-76.pdf](https://coronavirus.house.gov/sites/democrats.coronavirus.house.gov/files/TUCONG_000003574-76.pdf)).

<sup>13</sup> See enclosure, Table 2. In January 2022, CFPB reported that the NCRAs were also declining to act on a large share of CFPB complaints due to their suspicion that an unauthorized third party was involved in the submission of the complaint—something the NCRAs are not allowed to do for complaints, according to CFPB. Consumer Financial Protection Bureau, *Annual Report of Credit and Consumer Reporting Complaints: An Analysis of Complaint Responses by Equifax, Experian, and TransUnion*, at 28, 46-49 (Jan. 2022) (online at [https://files.consumerfinance.gov/f/documents/cfpb\\_fcra-611-e\\_report\\_2022-01.pdf](https://files.consumerfinance.gov/f/documents/cfpb_fcra-611-e_report_2022-01.pdf)). Notably, months after there was public scrutiny of this practice, Equifax appears to have adopted a policy that the company will no longer dismiss CFPB complaints on this basis. An Equifax policy document provided to the Select Subcommittee states: “In accordance with CFPB guidance, Equifax will assume that all Portal Complaints are submitted by the Consumer or an authorized representative of the consumer.” This policy document was first effective on May 31, 2022—four months after CFPB’s report and one week after the Select Subcommittee initiated its investigation. Equifax, CFPB Portal Complaint Resolution Standard (May 31, 2022) (EFX-C19REQ20220525-000064-78) (online at <https://coronavirus.house.gov/sites/democrats.coronavirus.house.gov/files/EFX-C19REQ20220525-000064%20-%20EFX-C19REQ20220525-000078%20-%20Redacted.pdf>).

Although the NCRAs are not required to investigate disputes submitted by unauthorized third parties, as they are for complaints,<sup>14</sup> there is reason to be concerned that the NCRAs may be dismissing some legitimate disputes without investigation.<sup>15</sup> The NCRAs appear to be using broad and speculative criteria to determine whether a dispute may have come from an unauthorized third party in the first place. For example, Equifax told the Select Subcommittee that mail that “tends to use identical language and format [and] come from the same zip code” may be determined not to come from a consumer and to therefore be exempt from investigation.<sup>16</sup> Experian explained that it assesses “envelope characteristics,” “attachment characteristics,” and “letter characteristics,” including factors such as “same/similar ink color,” “same/similar font,” and “same/similar verbiage,” to make this determination.<sup>17</sup> TransUnion produced a “Credit Repair Identification” reference guide that shows the company uses various envelope-related criteria, such as “multiple envelopes of the same size ... color ... [and] type,” to determine that a letter has come from a credit repair clinic and not an individual consumer.<sup>18</sup>

These vague criteria may create risks that legitimate disputes submitted directly by consumers or their authorized representatives are being dismissed without investigation. For example, standard-sized white envelopes are extremely common. In addition to the inherent problems with these criteria, CFPB has explained that they also filter out consumers who have gotten help with their dispute from the government or other reputable sources. CFPB itself provides sample template letters for consumers to use when disputing information with the NCRAs, and the agency has observed that legitimate complaints using these templates have been dismissed due to suspected third-party involvement.<sup>19</sup> Consumers should not be expected to be experts in the credit reporting system; they should be able to utilize government resources and other supports without having to fear that it may result in their dispute being ignored by the NCRAs.

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<sup>14</sup> Consumer Financial Protection Bureau, *Annual Report of Credit and Consumer Reporting Complaints: An Analysis of Complaint Responses by Equifax, Experian, and TransUnion*, at 28 (Jan. 2022) (online at [https://files.consumerfinance.gov/f/documents/cfpb\\_fcra-611-e\\_report\\_2022-01.pdf](https://files.consumerfinance.gov/f/documents/cfpb_fcra-611-e_report_2022-01.pdf)).

<sup>15</sup> See, e.g., National Consumer Law Center, *Automated Injustice Redux: Ten Years After a Key Report, Consumers Are Still Frustrated Trying to Fix Credit Reporting Errors*, at 21 (Feb. 2019) (online at [www.nclc.org/images/pdf/credit\\_reports/automated-injustice-redux.pdf](http://www.nclc.org/images/pdf/credit_reports/automated-injustice-redux.pdf)).

<sup>16</sup> Letter from Senior Vice President, Consumer Operations, Equifax, to Chairman James E. Clyburn, Select Subcommittee on the Coronavirus Crisis (Aug. 23, 2022).

<sup>17</sup> Letter from Senior Vice President, Government Affairs and Public Policy, Experian, to Chairman James E. Clyburn, Select Subcommittee on the Coronavirus Crisis (July 29, 2022).

<sup>18</sup> TransUnion, Credit Repair Identification QRG v1.0 (TUCONG\_000003627) (online at [https://coronavirus.house.gov/sites/democrats.coronavirus.house.gov/files/TUCONG\\_000003627.pdf](https://coronavirus.house.gov/sites/democrats.coronavirus.house.gov/files/TUCONG_000003627.pdf)).

<sup>19</sup> Consumer Financial Protection Bureau, *Annual Report of Credit and Consumer Reporting Complaints: An Analysis of Complaint Responses by Equifax, Experian, and TransUnion*, at 19-20, 28 (Jan. 2022) (online at [https://files.consumerfinance.gov/f/documents/cfpb\\_fcra-611-e\\_report\\_2022-01.pdf](https://files.consumerfinance.gov/f/documents/cfpb_fcra-611-e_report_2022-01.pdf)).

**C. Overreliance on Data Furnishers Raises Questions About Sufficiency of the NCRAs' Dispute Investigations**

The NCRAs have attempted to shift the responsibility—and blame—for the accuracy of consumer report data onto data furnishers, the companies that provide consumer data to the NCRAs.<sup>20</sup> Data provided to the Select Subcommittee show that all three NCRAs referred the vast majority of the dispute submissions they received to data furnishers between 2019 and 2021, with only slight changes from year to year: 61-62% of disputes each year at Equifax, 54-56% at Experian, and 80-82% at TransUnion.<sup>21</sup> Following a referral, data furnishers are required to conduct their own investigation of the disputed information and report the result back to the NCRAs.<sup>22</sup> However, furnishers often only conduct “pro forma, perfunctory investigations,” ignoring consumer-submitted documents and information.<sup>23</sup>

As recently as June 2021, CFPB cited the NCRAs for having insufficient accuracy procedures to identify unreliable data furnishers.<sup>24</sup> This means that at least some of the NCRAs' data has come from demonstrably unreliable furnishers:

Examiners found that ... [some] furnishers had responded to disputes in ways that suggested that the furnishers were no longer sources of reliable, verifiable information about consumers. ... Despite observing this dispute response behavior by these furnishers, [consumer reporting companies] continued to include information from these furnishers.<sup>25</sup>

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<sup>20</sup> Consumer Financial Protection Bureau, *Annual Report of Credit and Consumer Reporting Complaints: An Analysis of Complaint Responses by Equifax, Experian, and TransUnion*, at 4, 9 (Jan. 2022) (online at [https://files.consumerfinance.gov/f/documents/cfpb\\_fcra-611-e\\_report\\_2022-01.pdf](https://files.consumerfinance.gov/f/documents/cfpb_fcra-611-e_report_2022-01.pdf)).

<sup>21</sup> See enclosure, Table 3.

<sup>22</sup> Consumer Financial Protection Bureau, *Annual Report of Credit and Consumer Reporting Complaints: An Analysis of Complaint Responses by Equifax, Experian, and TransUnion*, at 12-13 (Jan. 2022) (online at [https://files.consumerfinance.gov/f/documents/cfpb\\_fcra-611-e\\_report\\_2022-01.pdf](https://files.consumerfinance.gov/f/documents/cfpb_fcra-611-e_report_2022-01.pdf)).

<sup>23</sup> National Consumer Law Center, *Automated Injustice Redux: Ten Years After a Key Report, Consumers Are Still Frustrated Trying to Fix Credit Reporting Errors*, at 8-10, 14-15 (Feb. 2019) (online at [www.nclc.org/images/pdf/credit\\_reports/automated-injustice-redux.pdf](http://www.nclc.org/images/pdf/credit_reports/automated-injustice-redux.pdf)). A data furnisher recently argued in a lawsuit related to a credit reporting error stemming from identity theft that furnishers are free to ignore disputes they decide are without merit, even when the NCRAs have referred these disputes to them for investigation. CFPB stated in an amicus brief that it disagrees with this claim. Consumer Financial Protection Bureau, *Furnishers Have an Obligation to Investigate Consumer Disputes* (Sept. 14, 2022) (online at [www.consumerfinance.gov/about-us/blog/furnishers-obligation-to-investigate-consumer-disputes/](https://www.consumerfinance.gov/about-us/blog/furnishers-obligation-to-investigate-consumer-disputes/)).

<sup>24</sup> Consumer Financial Protection Bureau, *Supervisory Highlights: Issue 24, Summer 2021*, at 7-8 (June 2021) (online at [https://files.consumerfinance.gov/f/documents/cfpb\\_supervisory-highlights\\_issue-24\\_2021-06.pdf](https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights_issue-24_2021-06.pdf)).

<sup>25</sup> *Id.*

Some stakeholders have also pointed out that the NCRAs often engage in “parroting,” a practice of blindly adopting the response of a data furnisher without conducting any independent investigation.<sup>26</sup> In light of these concerning practices, the NCRAs’ reliance on data furnishers casts doubt on the sufficiency of the NCRAs’ dispute investigations.

Further questions about the sufficiency of the NCRAs’ dispute and complaint investigations are raised by their staffing practices, which seem to lend credence to the possibility that they are parroting the data furnishers rather than independently investigating. While there is no objective standard for what would be an “adequate” level of staffing, it is notable that, despite each NCRA having a similar number of disputed items in 2021,<sup>27</sup> the amount of staff and staff time that each NCRA allocated to responding to disputes and CFPB complaints varied greatly.<sup>28</sup> For example, Equifax allocated more than three times as many staff hours to dispute investigations every year compared to Experian,<sup>29</sup> despite actually having fewer disputed items in 2020 and 2021.<sup>30</sup> Experian, in turn, had two to four times as many staff involved in dispute and complaint resolution each year compared to TransUnion.<sup>31</sup> These data imply that the three NCRAs are likely relying on different levels of automation to resolve disputes and complaints and that the quality and thoroughness of investigations likely varies by NCRA.

#### **D. The Majority of Disputes Do Not Result in Relief for Consumers**

The Select Subcommittee began investigating the sufficiency of the NCRAs’ dispute investigations following CFPB’s finding that the amount of consumer relief (*e.g.*, correction or removal of reported errors) resulting from CFPB complaints dropped dramatically during the pandemic. In 2019, around 25% of complaints resulted in relief. By 2021, this figure had dropped to just 4.1%.<sup>32</sup> While data the NCRAs provided to the Select Subcommittee do not

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<sup>26</sup> Committee on Financial Services, Subcommittee on Oversight and Investigations, Testimony of Chi Chi Wu, National Consumer Law Center, *Hearing on Consumer Credit Reporting: Assessing Accuracy and Compliance* (May 26, 2021) (online at <https://democrats-financialservices.house.gov/UploadedFiles/HHRG-117-BA09-Wstate-WuC-20210526.pdf>); Consumer Reports, *A Broken System: How the Credit Reporting System Fails Consumers and What to Do About It* (June 10, 2021) (online at <https://advocacy.consumerreports.org/wp-content/uploads/2021/06/A-Broken-System-How-the-Credit-Reporting-System-Fails-Consumers-and-What-to-Do-About-It.pdf>).

<sup>27</sup> See enclosure, Table 1.

<sup>28</sup> See enclosure, Table 4.

<sup>29</sup> *Id.*

<sup>30</sup> See enclosure, Table 1.

<sup>31</sup> See enclosure, Table 4.

<sup>32</sup> Consumer Financial Protection Bureau, *Annual Report of Credit and Consumer Reporting Complaints: An Analysis of Complaint Responses by Equifax, Experian, and TransUnion*, at 53 (Jan. 2022) (online at [https://files.consumerfinance.gov/f/documents/cfpb\\_fcra-611-e\\_report\\_2022-01.pdf](https://files.consumerfinance.gov/f/documents/cfpb_fcra-611-e_report_2022-01.pdf)); Consumer Financial Protection Bureau, *Consumer Response Annual Report: January 1 – December 31, 2021*, at 18 (Mar. 31, 2022) (online at [https://files.consumerfinance.gov/f/documents/cfpb\\_2021-consumer-response-annual-report\\_2022-03.pdf](https://files.consumerfinance.gov/f/documents/cfpb_2021-consumer-response-annual-report_2022-03.pdf)).

show a similar drop in the results of disputes over time, the data indicate that, as with complaints, consumer disputes have also often failed to result in relief.<sup>33</sup>

It has been well documented that many consumers are experiencing no small measure of stress, frustration, and financial hardship as a result of the NCRAs' failure to correct legitimate errors on their credit reports.<sup>34</sup> For example, CFPB's January report quotes a complaint in which a consumer stated that an erroneous entry for medical services they had never received, which the NCRAs had failed to correct, had "lowered my [credit] score almost 100 points and is preventing me from buying a house."<sup>35</sup> In another case, a woman was denied credit multiple times because Equifax and Experian were reporting her as deceased—she even received letters of condolence for her own supposed "death." Experian informed her that her file had been updated, however she was again denied credit less than a year later because she was being reported as deceased.<sup>36</sup>

Data provided to the Select Subcommittee show that at least half of consumer disputes did not result in any change or relief between 2019 and 2021, with this number changing little from year to year. During this period, Equifax verified 53-57% of disputed items without making any changes each year, Experian verified around 48% each year, and TransUnion verified 47-51% each year.<sup>37</sup> While some portion of disputes are likely meritless, it is concerning that such a high percentage of disputes result in no relief or change whatsoever.

#### **E. Equifax and TransUnion Failed to Provide Information on Complaint Resolution to CFPB**

The Select Subcommittee's investigation also revealed that two of the NCRAs have failed to report the final resolution of certain complaints to CFPB's complaint portal. CFPB's January 2022 report noted that, beginning in 2018, TransUnion and Equifax had been closing some complaints with a template response stating that the complaint would be handled as a dispute without providing further detail. CFPB has raised the concern that the companies were

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<sup>33</sup> See enclosure, Table 5.

<sup>34</sup> National Consumer Law Center, *Automated Injustice Redux: Ten Years After a Key Report, Consumers Are Still Frustrated Trying to Fix Credit Reporting Errors* (Feb. 2019) (online at [www.nclc.org/images/pdf/credit\\_reports/automated-injustice-redux.pdf](http://www.nclc.org/images/pdf/credit_reports/automated-injustice-redux.pdf)); Consumer Financial Protection Bureau, *Annual Report of Credit and Consumer Reporting Complaints: An Analysis of Complaint Responses by Equifax, Experian, and TransUnion*, at 34-38 (Jan. 2022) (online at [https://files.consumerfinance.gov/f/documents/cfpb\\_fcra-611-e\\_report\\_2022-01.pdf](https://files.consumerfinance.gov/f/documents/cfpb_fcra-611-e_report_2022-01.pdf)).

<sup>35</sup> Consumer Financial Protection Bureau, *Annual Report of Credit and Consumer Reporting Complaints: An Analysis of Complaint Responses by Equifax, Experian, and TransUnion*, at 36 (Jan. 2022) (online at [https://files.consumerfinance.gov/f/documents/cfpb\\_fcra-611-e\\_report\\_2022-01.pdf](https://files.consumerfinance.gov/f/documents/cfpb_fcra-611-e_report_2022-01.pdf)).

<sup>36</sup> National Consumer Law Center, *Automated Injustice Redux: Ten Years After a Key Report, Consumers Are Still Frustrated Trying to Fix Credit Reporting Errors*, at 21 (Feb. 2019) (online at [www.nclc.org/images/pdf/credit\\_reports/automated-injustice-redux.pdf](http://www.nclc.org/images/pdf/credit_reports/automated-injustice-redux.pdf)).

<sup>37</sup> See enclosure, Table 5. Numbers for Experian also include items broken out as "furnisher update to other account information," which implies that the disputed information was verified (since "furnisher update to disputed account information" was a separate data category provided by the company).

not providing it with the final resolution of these complaints.<sup>38</sup> Both Equifax and TransUnion told the Select Subcommittee that, in these cases, consumers typically received separate correspondence, outside of the CFPB portal, to share the final results of the dispute investigation, although TransUnion has since corrected this issue.<sup>39</sup> While TransUnion could not provide data on how these CFPB complaints were ultimately resolved,<sup>40</sup> data from Equifax show that relief was provided less frequently for these complaints than for disputes in general.<sup>41</sup> The NCRAs have an obligation under the FCRA to provide complete, accurate, and timely responses to CFPB complaints. It is therefore concerning that Equifax and TransUnion have not shared the ultimate results of all complaint investigations with CFPB, and that Equifax has not corrected this problem.<sup>42</sup>

**F. Further Investigation of the NCRAs' Dispute Resolution Processes Is Warranted**

In light of this new evidence, I am concerned that the NCRAs may be failing to meet their obligations to both consumers and CFPB under the FCRA. It appears that all three NCRAs have failed to investigate certain legitimate disputes and to identify and correct erroneous information on consumer credit reports. It also appears that Equifax and TransUnion may have failed to provide CFPB with important information on the outcomes of certain complaint investigations. These failures have real consequences for consumers with errors on their credit reports, who are often penalized by creditors despite having done nothing wrong.

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<sup>38</sup> According to CFPB, Experian did not engage in the practice of closing CFPB complaints by claiming they had been transferred to a “dispute channel.” Consumer Financial Protection Bureau, *Annual Report of Credit and Consumer Reporting Complaints: An Analysis of Complaint Responses by Equifax, Experian, and TransUnion*, at 50 (Jan. 2022) (online at [https://files.consumerfinance.gov/f/documents/cfpb\\_fcra-611-e\\_report\\_2022-01.pdf](https://files.consumerfinance.gov/f/documents/cfpb_fcra-611-e_report_2022-01.pdf)).

<sup>39</sup> Letter from Senior Vice President, Consumer Operations, Equifax, to Chairman James E. Clyburn, Select Subcommittee on the Coronavirus Crisis (June 29, 2022); Letter from Head of Public Policy, TransUnion, to Chairman James E. Clyburn and Ranking Member Steve Scalise, Select Subcommittee on the Coronavirus Crisis (July 15, 2022); Email from Government Relations Staff, TransUnion, to Majority Staff, Select Subcommittee on the Coronavirus Crisis (Aug. 15, 2022).

<sup>40</sup> Email from Government Relations Staff, TransUnion, to Majority Staff, Select Subcommittee on the Coronavirus Crisis (Aug. 22, 2022).

<sup>41</sup> See enclosure, Table 5 and Table 6.

<sup>42</sup> Consumer Financial Protection Bureau, *Annual Report of Credit and Consumer Reporting Complaints: An Analysis of Complaint Responses by Equifax, Experian, and TransUnion*, at 50 (Jan. 2022) (online at [https://files.consumerfinance.gov/f/documents/cfpb\\_fcra-611-e\\_report\\_2022-01.pdf](https://files.consumerfinance.gov/f/documents/cfpb_fcra-611-e_report_2022-01.pdf)); Letter from Senior Vice President, Consumer Operations, Equifax, to Chairman James E. Clyburn, Select Subcommittee on the Coronavirus Crisis (June 29, 2022); Letter from Head of Public Policy, TransUnion, to Chairman James E. Clyburn and Ranking Member Steve Scalise, Select Subcommittee on the Coronavirus Crisis (July 15, 2022); Email from Government Relations Staff, TransUnion, to Majority Staff, Select Subcommittee on the Coronavirus Crisis (Aug. 15, 2022).



I respectfully request that CFPB review the actions of the NCRAs to ensure that they are fully complying with the FCRA and are making a reasonable effort to identify and correct errors on consumer reports, and that CFPB take appropriate action, if warranted. This review may include auditing a statistical sample of the dispute submissions thrown out without investigation due to suspected third-party involvement and assessing the appropriateness of the criteria the NCRAs use to determine that a dispute has been submitted by an unauthorized third party. CFPB may also consider auditing a statistical sample of dispute investigations to ensure that the NCRAs are conducting “reasonable reinvestigation[s]” of consumer disputes, as required under the FCRA.<sup>43</sup> Finally, CFPB may consider investigating whether the NCRAs have made sufficient revisions to their procedures for identifying and taking corrective action against unreliable furnishers.

Thank you for your attention to this matter. If you have any questions, please contact Select Subcommittee staff at (202) 225-4400.

Sincerely,

  
James E. Clyburn  
Chairman

Enclosure

cc: The Honorable Steve Scalise, Ranking Member

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<sup>43</sup> 15 U.S.C. § 1681i(a).

**Enclosure: Data Tables**

Data in all tables below are derived from data submitted by the NCRAs to the Select Subcommittee.<sup>i</sup>

**Table 1: Number of Consumer Report Line Items Disputed with Top Three NCRAs, by Year, 2019-2021**

	2019	2020	2021	2019-2021
<b>Equifax</b>	41,717,671	37,953,513	36,209,148	115,880,332
<b>Experian</b>	30,909,633	39,595,499	37,435,115	107,940,247
<b>TransUnion</b>	36,873,718	37,319,270	37,935,475	112,128,463
<b>Total</b>	109,501,022	114,868,282	111,579,738	335,949,042

Note: Numbers above represent the number of individual consumer report line items disputed by consumers. A single consumer dispute submission or case may include disputes of multiple line items. These dispute submissions were made directly to the companies and do not include complaints about inaccurate information that were filed with CFPB. While Equifax provided the Select Subcommittee with the number of dispute submissions (around 14 million each year), Experian and TransUnion did not. These numbers do not include any items that may have been disputed in submissions that were thrown out by the companies, such as those thrown out due to suspicion that they were submitted by an unauthorized third party (shown in Table 2).

**Table 2: Number of Dispute Submissions Dismissed Without Investigation by Top Three NCRAs Due to Suspected Unauthorized Third-Party Involvement, by Year, 2019-2021**

	2019	2020	2021	2019-2021
<b>Equifax<sup>a</sup></b>	Approx. 1.96 million	Approx. 1.89 million	Approx. 1.89 million	Approx. 5.7 million
<b>Experian<sup>b</sup></b>	?	?	?	?
<b>TransUnion<sup>c</sup></b>	?	3,396,880	4,669,455	At least 8,066,335
<b>Total<sup>d</sup></b>	At least 2 million	At least 5.3 million	At least 6.6 million	At least 13.8 million

Note: Numbers above represent dispute submissions. A single dispute submission may include disputes of multiple line items. These dispute submissions were made directly to the companies and do not include complaints about inaccurate information that were filed with CFPB. Numbers may not add together due to rounding.

<sup>a</sup> Equifax estimated that an average of 12% of the mail it receives is not submitted directly by consumers, and the company does not respond to such correspondence. The Equifax numbers in this table are estimates generated by the Select Subcommittee based on that 12% estimate and the number of acknowledged dispute submissions.

<sup>b</sup> Experian informed the Select Subcommittee that it does not process dispute submissions from third parties that do not have sufficient authorization from consumers. Experian does not track the number of such dispute submissions.

<sup>c</sup> Total is considered to be a minimum since data were not provided for 2019.

<sup>d</sup> Totals are considered minimums since Experian was unable to provide data for all years and TransUnion did not provide data for 2019.

**Table 3: Percentage of Dispute Submissions Referred to Data Furnishers by Top Three NCRAs, by Year, 2019-2021**

	Percent (%)		
	2019	2020	2021
<b>Equifax</b>	60.64	61.94	62.34
<b>Experian</b>	56.77	56.05	53.58
<b>TransUnion</b>	82	81	80

Note: Numbers above represent dispute submissions. A single dispute submission may include disputes of multiple line items. These dispute submissions were made directly to the companies and do not include complaints about inaccurate information that were filed with CFPB.

**Table 4: Staff Resources Allocated to Dispute and CFPB Complaint Response by Top Three NCRAs, by Year, 2019-2021**

		<b>Equifax<sup>a</sup></b>	<b>Experian</b>	<b>TransUnion</b>
<b>Average Staff Time Per CFPB Complaint, 2019-2021 (Minutes)</b>		19 to 38	12,232	?
<b>Average Staff Time Per Dispute, 2019-2021 (Minutes)</b>		12 to 13	7,154	?
<b>Total Staff Hours Responding to CFPB Complaints</b>	<b>2019</b>	27,961	15,585	?
	<b>2020</b>	29,693	13,729	?
	<b>2021</b>	42,535	14,756	?
<b>Total Staff Hours Responding to Disputes</b>	<b>2019</b>	603,137	168,703	?
	<b>2020</b>	657,313	181,268	?
	<b>2021</b>	698,881	221,986	?
<b>Number of Staff Involved in Responding to CFPB Complaints and Disputes</b>	<b>2019</b>	1,300	550 <sup>b</sup>	255
	<b>2020</b>	1,270	582 <sup>b</sup>	223
	<b>2021</b>	1,040	730 <sup>b</sup>	171

Note: Companies were asked to provide information on all staff (including permanent staff and other staff, such as contractors) that spent any amount of time involved in responding to disputes or CFPB complaints in 2019, 2020, and 2021. Companies noted that staff included in these responses may have other duties beyond responding to disputes and CFPB complaints. Because of this, TransUnion informed the Select Subcommittee that it could not determine the number of staff hours devoted solely to responding to disputes and complaints.

<sup>a</sup> Equifax informed the Select Subcommittee that it does not track consumer agent hours in the manner requested and that, as a result, the number of staff hours provided are estimates. The company also stated that it was unable to calculate the exact median or mean amount of time spent on individual dispute cases because it does not track the amount of time spent on all individual dispute cases; as a result, the number provided for average staff time per dispute represents Equifax's estimate of the average time that phone agents spent on individual dispute-related phone calls. The company explained that the difference in time spent on disputes and CFPB complaints is related to the additional steps required by the CFPB Complaint Portal and is not due to any difference in the processes used to resolve disputes and complaints. The company attributed the reduction in staffing levels from 2019 to 2021 to increased automation.

<sup>b</sup> Experian provided separate numbers for the number of staff involved in responding to CFPB complaints and the number of Dispute Agents. The numbers presented in the table represent the number of Dispute Agents. Experian also allocated 10 staff to CFPB complaint response in 2019, 11 in 2020, and 44 in 2021.

**Table 5: Top Three NCRAs' Responses to Consumer Disputes, by Year, 2019-2021**

	Outcome	Percent (%)		
		2019	2020	2021
<b>Equifax</b>	Disputed information verified as reported	56.29	56.66	52.89
	Updated disputed information <sup>a</sup>	39.24	38.54	42.16
	Deleted or removed disputed information	4.47	4.8	4.95
<b>Experian</b>	Disputed information verified as reported	36.69	35.32	35.32
	Updated disputed information <sup>a</sup>	44.78	45.46	47.71
	Deleted or removed disputed information	6.93	6.7	4.78
	Updated non-disputed information only	11.59	12.52	12.19
<b>TransUnion</b>	Disputed information verified as reported	47.52	47.4	50.64
	Updated disputed information <sup>a</sup>	28.42	26.79	25.86
	Deleted or removed disputed information	24.06	25.81	23.5

Note: Numbers above represent the frequency of outcomes for individual consumer report line items disputed by consumers. A single consumer dispute submission may include disputes of multiple line items. These dispute submissions were made directly to the companies and do not include complaints about inaccurate information that were filed with CFPB. All three companies were also asked whether they provided monetary relief, but none indicated that they did so, so that outcome is not included in this table.

<sup>a</sup>Experian and Equifax both noted that there are multiple reasons why disputed information may be updated, and the update may not necessarily constitute “relief” for the consumer in the form of correction of an error. For example, Experian told the Select Subcommittee that an update could include “provid[ing] the most current information (such as a recent payment) and not a ‘correction’ of inaccurate information.” Letter from Senior Vice President, Consumer Operations, Equifax, to Chairman James E. Clyburn, Select Subcommittee on the Coronavirus Crisis (June 8, 2022); Letter from Senior Vice President, Government Affairs and Public Policy, Experian, to Chairman James E. Clyburn, Select Subcommittee on the Coronavirus Crisis (July 8, 2022).

**Table 6: Ultimate Outcomes of Consumer Financial Protection Bureau Complaints Classified as Disputes by Equifax, by Year, 2019-2021**

	Outcome	Percent (%)		
		2019	2020	2021
<b>Equifax</b>	Disputed information verified as reported	72.6	64.6	64.8
	Updated disputed information	22.9	29.7	31.2
	Deleted or removed disputed information	4.5	5.7	4.0

Note: Numbers above represent the frequency of final outcomes for individual consumer report line items disputed by consumers through complaints filed with CFPB. A single consumer CFPB complaint may include disputes of multiple line items. Equifax provided CFPB and the consumer with an initial template response indicating that these complaints would be handled as “disputes.” Consumers, but not CFPB, subsequently received notice of the outcomes indicated here.

<sup>i</sup> Letter from Senior Vice President, Consumer Operations, Equifax, to Chairman James E. Clyburn, Select Subcommittee on the Coronavirus Crisis (June 8, 2022); Letter from Senior Vice President, Consumer Operations, Equifax, to Chairman James E. Clyburn, Select Subcommittee on the Coronavirus Crisis (June 29, 2022); Letter from Senior Vice President, Consumer Operations, Equifax, to Chairman James E. Clyburn, Select Subcommittee on the Coronavirus Crisis (Aug. 23, 2022); Email from Senior Policy Counsel, Equifax, to Staff, Select Subcommittee on the Coronavirus Crisis (Oct. 7, 2022); Letter from Senior Vice President, Government Affairs and Public Policy, Experian, to Chairman James E. Clyburn, Select Subcommittee on the Coronavirus Crisis (July 8, 2022); Letter from Senior Vice President, Government Affairs and Public Policy, Experian, to Chairman James E. Clyburn, Select Subcommittee on the Coronavirus Crisis (July 29, 2022); Email from Partner, Venable LLP, on behalf of Experian, to Majority Staff, Select Subcommittee on the Coronavirus Crisis (Sept. 26, 2022); Letter from Head of Public Policy, TransUnion, to Chairman James E. Clyburn and Ranking Member Steve Scalise, Select Subcommittee on the Coronavirus Crisis (July 15, 2022).