

GAO Highlights

Highlights of [GAO-19-459](#), a report to congressional committees

Why GAO Did This Study

CRAs collect data from various sources, such as banks and credit card companies, to create consumer reports that they sell to third parties. The three largest CRAs hold information on more than 200 million Americans.

The Economic Growth, Regulatory Relief, and Consumer Protection Act, enacted in 2018, included a provision for GAO to examine issues related to the consumer reporting market. This report examines, among other objectives, the causes of consumer report inaccuracies and how CFPB has overseen CRAs.

To answer these questions, GAO reviewed relevant laws, regulations, and agency documents related to CRA oversight. GAO interviewed representatives of federal agencies and stakeholders, including a nongeneralizable selection of state agencies from four states that had laws or oversight activities involving CRAs and seven CRAs selected based on size and the type of consumer reports produced. GAO also interviewed groups representing state agencies, consumers, and CRAs selected to reflect a range of stakeholders or based on their work related to CRAs.

What GAO Recommends

CFPB should communicate to CRAs its expectations regarding (1) reasonable procedures for assuring maximum possible accuracy and (2) reasonable investigations of consumer disputes. CFPB described actions it has taken to provide information to CRAs. GAO maintains that communicating expectations in these two areas is beneficial, as discussed in the report.

View [GAO-19-459](#). For more information, contact Anna Maria Ortiz at (202) 512-8678 or OrtizA@gao.gov.

July 2019

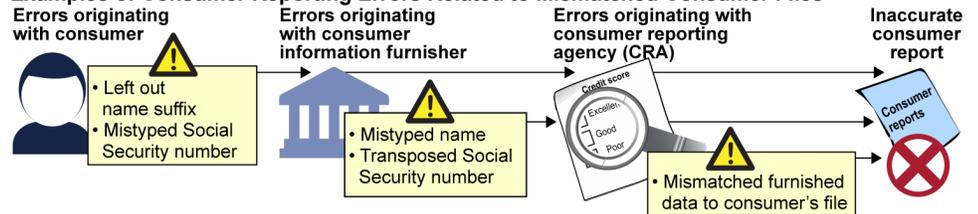
CONSUMER REPORTING AGENCIES

CFPB Should Define Its Supervisory Expectations

What GAO Found

Businesses and other entities use consumer reports to make decisions about consumers, such as whether they are eligible for credit, employment, or insurance. Consumer report inaccuracies can negatively affect such decisions. The Consumer Financial Protection Bureau (CFPB) and other stakeholders identified various causes of consumer report inaccuracies, such as errors in the data collected by consumer reporting agencies (CRA) and CRAs not matching data to the correct consumer.

Examples of Consumer Reporting Errors Related to Mismatched Consumer Files



Errors at any one stage of the process may carry through to the final report, or make it more likely that the CRA is unable to accurately match data with the correct consumer identity.

Source: GAO analysis of consumer reporting information. | GAO-19-459

In 2010, CFPB was granted supervisory and enforcement authority over CRAs. In using its oversight authorities, CFPB has prioritized CRAs that pose the greatest potential risks to consumers—such as those with significant market shares and large volumes of consumer complaints—for examination. CFPB's oversight has generally focused on assessing compliance with Fair Credit Reporting Act (FCRA) requirements regarding accuracy and the investigations CRAs conduct in response to consumer disputes. For example, since 2013, CFPB has conducted examinations of several CRAs and directed specific changes in CRAs' policies and procedures for ensuring data accuracy and conducting dispute investigations.

CFPB has not defined its expectations for how CRAs can comply with key statutory requirements. FCRA requires CRAs (1) to follow reasonable procedures for ensuring maximum possible accuracy and (2) to conduct reasonable investigations of consumer disputes. CFPB has identified deficiencies related to these requirements in its CRA examinations, but it has not defined its expectations—such as by communicating information on appropriate practices—for how CRAs can comply with these requirements. Absent such information, staff from four CRAs GAO interviewed said that they look to other sources, such as court cases or industry presentations, to understand what CFPB will consider to be noncompliant during examinations. A 2018 policy statement issued by CFPB and other regulators highlighted the important role of supervisory expectations in helping to ensure consistency in supervision by providing transparent insight to industry and to supervisory staff. By providing information to CRAs about its expectations for complying with key FCRA requirements, CFPB could help achieve its goal of accurate consumer reporting and effective dispute resolution processes. Such information also could help to promote consistency and transparency in CFPB's supervisory approach.