

December 9, 2019

The Honorable Maxine Waters
Chairwoman
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

The Honorable Patrick McHenry
Ranking Member
Committee on Financial Services
U.S. House of Representatives
Washington, DC 20515

Re: Amendment in the Nature of a Substitute to H.R. 5332

Dear Chairwoman Waters and Ranking Member McHenry:

The American Financial Services Association (AFSA)¹ appreciates the opportunity to share its views regarding H.R. 5332, the Protecting Your Credit Score Act of 2019 (the Bill), which is up for consideration during the House Financial Services Committee's December 10th markup. AFSA members are lenders active in consumer credit markets. The symbiotic relationship between lending and credit reporting systems offers American businesses and consumers reliable access to credit on convenient terms in all economic conditions. Such lending is based upon the availability of accurate credit data to help perform appropriate underwriting, and lenders in turn act as furnishers of information about payment behavior to the consumer reporting agencies. When these systems work together properly, as occurs the overwhelming majority of the time, consumers have access to convenient forms of credit and are rewarded for timely payment behavior with elevated credit scores that open the door to low-cost credit.

Despite the undeniable effectiveness of lending and consumer credit systems in the United States, there are issues that cause unnecessary difficulty for all market participants. AFSA appreciates the opportunity to share the views of its member companies to help the Congress tailor legislation that will improve the functioning of credit reporting systems without adding undue burdens. AFSA would like to bring the following issues to your attention:

1. The Bill Addresses Symptoms of Dysfunction in Consumer Reporting Without Addressing Root Causes

The Bill's provisions establishing a Credit Reporting Ombudsman and enhancing the obligations of Consumer Reporting Agencies appear intended to help consumers achieve satisfactory conclusions to credit disputes. AFSA members strive to furnish credit reporting data accurately and make herculean efforts every day to respond to credit disputes in a timely manner. Unfortunately, in recent years a phenomenon of using false credit disputes to overwhelm lenders and the consumer reporting agencies has taken hold, fueled in part by unscrupulous for-profit credit repair organizations. The volume of these frivolous complaints has made it virtually impossible for lenders to process them in the time limits established in the Fair Credit Reporting Act, which forces lenders to delete accurate information. This is the purpose of the scheme: to

¹ Founded in 1916, the American Financial Services Association (AFSA) is the primary trade association for the consumer credit industry, protecting access to credit and consumer choice. AFSA members provide consumers with many kinds of credit, including direct and indirect vehicle financing, traditional installment loans, mortgages, payment cards, and retail sales finance. AFSA members do not provide payday or vehicle title loans.

force lenders and consumer reporting agencies to remove data that are accurate as a means of eliminating negative information from the consumer report.

The Bill attempts to address concerns about credit dispute processing by adding in additional supervision and enforcement. We believe a better solution to these concerns would be if policymakers were tasked with investigating the source of disputes to stem the tide of those that are frivolous and repetitive in nature. This would allow lenders to focus on remedying those errors that are legitimate, resulting in more accurate reports for consumers.

2. Congress Should not Encourage More Litigation on Credit Reporting Issues

Section 5 of the Bill proposes expanding availability of injunctive relief (along with attorney fees and costs) in connection with violations of the Fair Credit Reporting Act and expanding the provisions in the law that can be enforced via civil suit. AFSA members agree that action is needed to eliminate wasteful and abusive credit disputes that divert lender attention and resources from legitimate disputes. Adding new legal remedies and financial inducements for the plaintiffs' bar to bring lawsuits is not the right approach. Offering legal remedies to more credit reporting errors, regardless of how trivial or whether the error causes harm to the consumer, will not provide any significant relief to the pressing issues that affect consumers, lenders, and the consumer reporting agencies. Rather, policymakers should be working with consumer reporting agencies and lenders to understand and fix the conditions that have led to a deluge of frivolous disputes to begin with.

AFSA members are dedicated to providing great customer service to their customers, including by furnishing accurate information to consumer reporting agencies and responding to consumer disputes. The proper functioning of credit reporting systems is crucial to the stability of the American economy, and AFSA applauds the Congress for proposing legislation to make improvements. Lenders and the consumer reporting agencies need help in eliminating frivolous and repetitive credit disputes so that legitimate disputes are given appropriate attention. Until this issue is understood and addressed by policymakers, adding additional burdens on lenders and consumer reporting agencies is extremely counterproductive.

Sincerely,



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