



CREDIT REPORTING FACTS

- A credit bureau is a clearinghouse of consumer credit information. In our “buy now, pay later” credit system, when merchants let consumers buy on credit, the merchants are really lending consumers the money to buy the items, and they want some assurance that they will get their money back when promised. They get that assurance by obtaining, from the credit bureau, a consumer’s credit history.
- A consumer credit history is a summary of how a consumer has handled similar obligations with other credit grantors and lending institutions in the past.
- A credit bureau compiles the information in several ways. Some of the information is supplied by consumers when they apply for credit, like name, spouse’s name, address and former address, employer and former employer, Social Security Number and so forth. Some of it is supplied by the merchants or credit grantors with whom consumers have done business. As members of the credit bureau, credit grantors regularly supply information on how promptly consumers have paid their debts. Other information comes from public records, such as bankruptcies, judgements, tax liens, etc.
- Consumers can contact a credit bureau and ask for a copy of their file, and after providing proper identification, they will be sent a copy of their complete credit file. Consumers can have errors corrected and have anything they question reinvestigated. If an account is in dispute between the consumer and a credit grantor, the consumer can file his/her side of the story in the bureau’s records. The consumer’s statement becomes a permanent part of the record, and will be sent out with everything else whenever a credit report containing the disputed information is given out.
- The Fair Credit Reporting Act (FCRA) regulates credit bureaus. The Act regulates the compilation of information on individuals in order to offer legal protection of their privacy while not impeding the credit granting process.