

Consumer Credit Laws Quick Reference Guide

This guide provides a comprehensive overview of the major laws that protect consumers when borrowing money and using credit. Understanding these protections is essential for making informed financial decisions and asserting your rights as a consumer.

Major Consumer Credit Laws at a Glance

Law	Year	Primary Purpose	Key Protections
Truth in Lending Act (TILA)	1968	Requires lenders to disclose loan terms and costs to promote informed borrowing decisions	<ul style="list-style-type: none"> • Mandatory disclosure of APR and finance charges • Right to cancel certain home loans within 3 days • Standardized calculations for comparing loan costs • Regulation of advertising claims about credit terms
Fair Credit Reporting Act (FCRA)	1970	Ensures accuracy, fairness, and privacy of information in consumer credit reports	<ul style="list-style-type: none"> • Free annual credit reports from each major bureau • Right to dispute inaccurate information • Time limits on reporting negative information • Notification when report information is used against you • Requirements for correcting errors
Equal Credit Opportunity Act (ECOA)	1974	Prohibits discrimination in lending based on personal characteristics	<ul style="list-style-type: none"> • Prohibits discrimination based on race, color, religion, national origin, sex, marital status, age, or receipt of public assistance • Requires notification of action taken on credit applications • Prohibits questions about race, sex, etc. on applications (with exceptions)

			<ul style="list-style-type: none"> • Allows reporting discrimination to federal agencies
Fair Debt Collection Practices Act (FDCPA)	1977	Prohibits abusive practices by third-party debt collectors	<ul style="list-style-type: none"> • Limits when and how collectors can contact you (8am-9pm only) • Prohibits harassment, false statements, and unfair practices • Requires debt verification upon request • Allows consumers to request no further contact • Right to sue collectors who violate the law
Credit CARD Act	2009	Implements fair and transparent practices for credit card accounts	<ul style="list-style-type: none"> • 45-day notice before rate increases • Prohibits retroactive rate increases on existing balances • Limits fees and penalty interest • Requires clear payment due dates and times • Restricts issuing cards to those under 21 • Mandates clear disclosure of payment implications
Dodd-Frank Wall Street Reform and Consumer Protection Act	2010	Created the Consumer Financial Protection Bureau (CFPB) to	<ul style="list-style-type: none"> • Established CFPB to enforce consumer financial laws

		regulate financial products and services	<ul style="list-style-type: none">• Prohibits unfair, deceptive, or abusive practices• Created consumer complaint database• Expanded consumer protections for mortgages• Added oversight of non-bank financial companies
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Detailed Law Summaries

Truth in Lending Act (TILA)

Overview: TILA ensures that consumers receive clear, accurate information about credit terms and costs before entering into credit agreements. It applies to most types of consumer credit, including credit cards, mortgages, auto loans, and personal loans.

Key Protections in Detail:

- **Disclosure Requirements:** Lenders must provide standardized disclosure forms showing APR, finance charges, amount financed, total payments, and payment schedule
- **Right of Rescission:** For certain home loans, consumers have three business days to reconsider and cancel the loan after signing
- **Advertising Regulations:** If credit ads mention specific terms (like down payment or interest rate), they must include other key terms like APR
- **Billing Error Resolution:** Procedures for disputing billing errors on credit accounts
- **Limitations on Liability:** Caps consumer liability for unauthorized credit card charges at \$50

Example: When applying for an auto loan, the lender must provide a disclosure form showing the APR, all fees, the total cost of the loan over its term, and the monthly payment amount. This allows you to make an informed decision and compare different loan offers.

Common Violations:

- Failing to disclose all fees in the APR calculation
- Advertising a low interest rate without disclosing the APR
- Not providing required disclosures before loan closing
- Failing to honor rescission requests within the allowed timeframe

How to Assert Your Rights:

1. Request all disclosures in writing before agreeing to any loan
2. Compare the APR, not just the interest rate, across different offers
3. Keep copies of all credit agreements and disclosure forms
4. If you suspect a violation, file a complaint with the CFPB
5. For rescission rights, send your cancellation in writing within 3 business days

Fair Credit Reporting Act (FCRA)

Overview: The FCRA regulates how consumer credit information is collected, used, and shared. It gives consumers the right to know what's in their credit reports and to dispute inaccurate information.

Key Protections in Detail:

- **Access to Credit Reports:** You can request a free copy of your credit report from each of the three major credit bureaus (Equifax, Experian, and TransUnion) once every 12 months through AnnualCreditReport.com
- **Dispute Rights:** You have the right to dispute inaccurate or incomplete information on your credit report, and credit bureaus must investigate within 30 days
- **Adverse Action Notices:** If you're denied credit, insurance, or employment based on information in your credit report, you must be notified and given information about how to get a free copy of the report used
- **Time Limits on Negative Information:** Most negative information must be removed after 7 years (bankruptcies after 10 years)
- **Access Restrictions:** Credit reports can only be accessed by entities with a permissible purpose (like creditors, insurers, or employers with your permission)

Example: If you discover an account on your credit report that you never opened, you have the right to dispute this information with the credit bureau. The bureau must investigate and remove the information if it cannot be verified as accurate.

Common Violations:

- Credit bureaus failing to properly investigate disputes
- Businesses accessing credit reports without permissible purpose
- Failing to provide adverse action notices when required
- Reporting inaccurate information after it has been disputed and corrected
- Reporting outdated negative information beyond time limits

How to Assert Your Rights:

1. Request your free annual credit reports from AnnualCreditReport.com
2. Review reports carefully for errors or accounts you don't recognize
3. File disputes online, by mail, or by phone with the specific credit bureau
4. Keep copies of all dispute correspondence and evidence
5. Follow up if the investigation doesn't resolve your dispute
6. Consider adding a consumer statement to your report if a dispute isn't resolved

Equal Credit Opportunity Act (ECOA)

Overview: ECOA prohibits discrimination in any aspect of credit transactions based on protected characteristics. It ensures that all consumers have equal access to credit if they qualify financially.

Key Protections in Detail:

- **Protected Characteristics:** Creditors cannot discriminate based on race, color, religion, national origin, sex, marital status, age (if you're old enough to enter a contract), receipt of public assistance, or exercise of rights under consumer protection laws
- **Application Procedures:** Creditors can't discourage applications based on protected characteristics
- **Notification Requirements:** Creditors must inform applicants of action taken on applications within 30 days
- **Reasons for Denial:** Upon request, creditors must provide specific reasons for credit denial or adverse action
- **Income Consideration:** Creditors must consider all income, including part-time income, alimony, child support, etc., if regularly received

Example: A lender cannot reject your loan application simply because you're on parental leave if you can demonstrate that your income will continue or resume. Similarly, a creditor cannot require a spouse's signature on a loan if you individually qualify.

Common Violations:

- Charging higher interest rates to applicants of certain racial or ethnic groups
- Requiring married women to obtain their husband's signature on credit applications
- Refusing to consider public assistance income when evaluating applications
- Discouraging applications from older consumers who are financially qualified

- Failing to provide specific reasons for credit denial

How to Assert Your Rights:

1. If denied credit, request specific reasons in writing
2. Document any potentially discriminatory statements or practices
3. File a complaint with the creditor's regulator or the CFPB
4. Contact your state's attorney general office or consumer protection agency
5. Consider consulting with an attorney who specializes in consumer rights

Quick Guide to Agency Resources

These government agencies can help if your consumer credit rights have been violated:

Agency	Handles	Contact Information
Consumer Financial Protection Bureau (CFPB)	Complaints about banks, lenders, credit reporting agencies, debt collectors, and most financial services	Website: www.consumerfinance.gov Phone: 1-855-411-2372 Submit complaints online through their website
Federal Trade Commission (FTC)	Identity theft, data security, deceptive business practices, and some debt collection issues	Website: www.ftc.gov Phone: 1-877-382-4357 Identity Theft: www.identitytheft.gov
Department of Justice (DOJ)	Systematic discrimination cases related to lending	Civil Rights Division Website: www.justice.gov/crt Phone: 1-844-380-6178
Federal Reserve Board	Complaints about banks that are members of the Federal Reserve System	Website: www.federalreserve.gov/consumers.htm Phone: 1-888-851-1920
State Attorney General Offices	State-specific consumer protection issues and enforcement of state consumer laws	Find your state AG at: www.naag.org

Timeline of Consumer Credit Protection

Consumer credit laws have evolved over time in response to issues in the marketplace:

- **1968:** Truth in Lending Act passed in response to confusing and hidden credit terms
- **1970:** Fair Credit Reporting Act passed to address inaccurate credit reporting and privacy concerns
- **1974:** Equal Credit Opportunity Act passed to combat widespread discrimination in lending
- **1977:** Fair Debt Collection Practices Act passed to address abusive collection tactics
- **1996:** Credit Repair Organizations Act passed to regulate credit repair companies
- **2003:** Fair and Accurate Credit Transactions Act (FACTA) amended the FCRA to add identity theft protections and free annual credit reports
- **2009:** Credit CARD Act passed to address unfair and deceptive credit card practices
- **2010:** Dodd-Frank Wall Street Reform and Consumer Protection Act created the CFPB
- **2018:** Economic Growth, Regulatory Relief, and Consumer Protection Act allowed consumers to place free credit freezes

This progression shows how consumer protections continue to evolve based on emerging issues and market practices.