

CONSUMER FINANCIAL PROTECTION BUREAU | JANUARY 2023

# Annual report of credit and consumer reporting complaints

An analysis of complaint responses by Equifax, Experian, and TransUnion



Consumer Financial  
Protection Bureau

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# Executive Summary

- Pursuant to Section 611(e)(5) of the Fair Credit Reporting Act (FCRA), this report summarizes information gathered by the Consumer Financial Protection Bureau (CFPB) regarding certain consumer complaints transmitted by the CFPB to the three largest nationwide consumer reporting agencies (NCRAs)—Equifax, Experian, and TransUnion.
- In a January 2022 report, the CFPB concluded that, in most instances, the NCRAs did not satisfy their FCRA obligations to review certain complaints and to report outcomes to the CFPB. The NCRAs (1) failed to review most complaints based on unsubstantiated conclusions of suspected third-party involvement, and (2) referred some complaints to their dispute channels without reporting the outcomes to the CFPB. As a result, in 2021, the NCRAs closed complaints faster and with lower rates of reported relief. Reported relief, which is typically changes to a consumer’s credit report, fell to less than 2% of complaints down from nearly 25% of complaints in 2019.
- This report continues the discussion by analyzing how the NCRAs have responded to certain complaints more recently. From October 2021 to September 2022, the CFPB sent more than 488,000 complaints to the NCRAs. The CFPB’s analysis indicates:
  - **The NCRAs’ complaint responses have changed significantly.** The NCRAs’ use of problematic response types—both third party and referral to the dispute channel—has declined. Most complaints now receive responses that are more substantive.
  - **The NCRAs are providing more tailored complaint responses.** Across all three companies, most responses now describe the outcomes of consumers’ complaints. In September 2022, all three NCRAs provided a tailored response to more than 50% of complaints that were closed with explanation or relief.
  - **The NCRAs are reporting greater rates of relief in response to complaints.** In 2022, TransUnion reported providing relief in most complaints. Experian reported providing relief in nearly half of complaints. Equifax reported that it did not provide

relief, but its written complaint responses suggest that its rates of relief are comparable to the other NCRAs.

- In 2020 and 2021, the NCRAs were the subject of an increasing number of CFPB complaints. In response to larger complaint volumes, the NCRAs closed complaints faster. Over the same period, two of the three NCRAs reported reduced staffing levels devoted to complaint and dispute handling.
- Equifax attributed the reduction of staffing levels to increased automation. Automation, which has been discussed in credit reporting for more than a decade, is increasingly being deployed by companies. The NCRAs' complaint responses illustrate how automation of decision-making can increase undue burden for consumers, especially when consumers are attempting to invoke their rights and have their problems addressed.
- The NCRAs and their representatives have long maintained that complaints to the CFPB are unmeritorious: consumers submit complaints about negative but otherwise accurate information. They argue that their policies targeted unmeritorious complaints. The CFPB's analysis indicates their policies failed and ultimately harmed consumers.
- Even when consumers are successful in having their complaint addressed, complaints call into question the underlying data contained in consumers' credit reports. Through the CFPB's complaint process, the CFPB frequently encounters consumers who attempt to have inaccurate information corrected only to have different outcomes at each of the NCRAs or the wrong information changed.
- The challenges facing market participants and policymakers are many. Consumer complaints point towards three areas that should be prioritized:
  - **Market participants should assess whether their efforts to automate processes shifts burden to consumers.** The CFPB has noted concerns about the introduction of burdens when consumers choose to exercise their rights. Some automation can decrease burden for companies at the expense of increasing burden to consumers who attempt to invoke substantive rights. Companies are liable when they fail to meet statutory and regulatory requirements.
  - **Market participants should consider how current processes will need to evolve in light of new technologies.** The use of technology, such as automation, is not exclusive to companies. Consumers will also increasingly use technology to eliminate or reduce the time spent on burdensome tasks. To the extent that market participants have optimized systems based on a certain view of human behavior, as

new technology emerges, they will need to reevaluate their systems to ensure that consumers are afforded their rights provided by the law.

- **Policymakers and market participants should consider how best to give consumers control over their data.** The credit reporting system touches many aspects of consumers' lives: credit, employment, housing, insurance, and others. Consumers' complaints to the CFPB raise several questions about the current credit reporting system. There are, however, alternatives to this system. Policymakers and market participants can shape the future of a system that gives consumers more control over their data.

# 1. Introduction

In January 2022, the CFPB published a report (2021 CFPB Report), analyzing how the NCRA—Equifax, Experian, and TransUnion—responded to certain consumer complaints transmitted by the CFPB.<sup>1</sup> The report, required by the FCRA, documented the CFPB’s concerns with the NCRA’s complaint responses and their compliance with the complaint handling requirements of Section 611(e) of the FCRA.

The CFPB found that, in most instances, the NCRA did not satisfy their FCRA obligations to review certain complaints and to report outcomes to the CFPB. The NCRA (1) failed to review most complaints based on unsubstantiated conclusions of suspected third-party involvement, and (2) referred some complaints to their dispute channels without reporting the outcomes to the CFPB. As a result, in 2021, the NCRA closed complaints faster and with lower rates of reported relief—less than 2% of complaints down from nearly 25% of complaints in 2019.<sup>2</sup>

This report picks up where the [2021 CFPB Report](#) left off.

Over the past year, there were several changes in the consumer reporting market. In March 2022, for example, Equifax, Experian, and TransUnion announced joint measures that would, according to the announcement, change medical collection debt reporting to support consumers faced with unexpected medical bills.<sup>3</sup> As a result of these changes, the CFPB estimates a majority

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<sup>1</sup> Consumer Fin. Prot. Bureau, *Annual report of credit and consumer reporting complaints* (Jan. 2022), [https://files.consumerfinance.gov/f/documents/cfpb\\_fera-611-e\\_report\\_2022-01.pdf](https://files.consumerfinance.gov/f/documents/cfpb_fera-611-e_report_2022-01.pdf) (“2021 CFPB Report”).

<sup>2</sup> For the purposes of this report, *relief* refers to the reported actions by the NCRA in response to the CFPB complaints (e.g., *Closed with non-monetary relief*). See discussion *infra* Section 1 (Data sources).

<sup>3</sup> See Press Release, *Equifax, Experian, and TransUnion Support U.S. Consumers With Changes to Medical Collection Debt Reporting* (Mar. 18, 2022), <https://investor.equifax.com/news-events/press-releases/detail/1222/equifax-experian-and-transunion-support-u-s-consumers>. See also Press Release, *Experian, Equifax, and TransUnion Support U.S. Consumers With Changes to Medical Collection Debt Reporting* (Mar. 18, 2022), <https://www.experian.com/media/latest-news/2022/equifax-experian-and-transunion-support-us-consumers-with-changes-to-medical-collection-debt-reporting/>; Press Release, *Equifax, Experian, and TransUnion Support U.S. Consumers With Changes to Medical Collection Debt Reporting* (Mar. 18, 2022), <https://newsroom.transunion.com/equifax-experian-and-transunion-support-us-consumers-with-changes-to-medical-collection-debt-reporting/>.

of individual medical collections tradelines will be removed from credit reports<sup>4,5</sup>. In June, following President Biden signing into law the National Defense Authorization Act—which included the Debt Bondage Repair Act—the CFPB issued a final rule to help survivors avoid some of the financial consequences of human trafficking.<sup>6</sup> The CFPB continued to exercise its authorities to ensure consumer reporting agencies (CRAs) comply with consumer financial protection laws—including issuing guidance on permissible purposes, facially false data, and dispute resolution, as well as continuing its examination and enforcement work.<sup>7</sup>

There were also changes in how the NCRAAs responded to CFPB complaints. Those changes resulted in increased responsiveness from the NCRAAs to consumers and the CFPB. Additionally, in response to many complaints, the NCRAAs reported making changes to consumers' reports (Section 3).

The CFPB, however, continues to hear from consumers about a familiar list of challenges. Consumers, including servicemembers and older consumers, continue to report that inaccurate information appears on their credit reports. They describe encountering problems disputing

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<sup>4</sup> Credit reports, a popular term for consumer reports that typically contain information about credit accounts and other trade lines as well as information from public records, are provided by the nationwide consumer reporting agencies and other consumer reporting agencies to lenders and other users. See, e.g., Consumer Fin. Prot. Bureau, *Key Dimensions and Processes in the U.S. Credit Reporting System* (2012), [https://files.consumerfinance.gov/f/201212\\_cfpb\\_credit-reporting-white-paper.pdf](https://files.consumerfinance.gov/f/201212_cfpb_credit-reporting-white-paper.pdf). See also 15 U.S.C. § 1681a(d).

<sup>5</sup> Lucas Nathe and Ryan Sandler, *Paid and Low-Balance Medical Collections on Consumer Credit Reports*, Consumer Fin. Prot. Bureau (July 27, 2022), <https://www.consumerfinance.gov/data-research/research-reports/paid-and-low-balance-medical-collections-on-consumer-credit-reports/>.

<sup>6</sup> Press Release, Consumer Fin. Prot. Bureau, *CFPB Helps Survivors Mitigate the Financial Consequences of Human Trafficking* (June 23, 2022), <https://www.consumerfinance.gov/about-us/newsroom/cfpb-helps-survivors-mitigate-the-financial-consequences-of-human-trafficking/>.

<sup>7</sup> Fair Credit Reporting; Permissible Purposes for Furnishing, Using, and Obtaining Consumer Reports, 87 FR 41243 (July 12, 2022), <https://www.federalregister.gov/documents/2022/07/12/2022-14823/fair-credit-reporting-permissible-purposes-for-furnishing-using-and-obtaining-consumer-reports>; Fair Credit Reporting; Facialy False Data, 87 FR 64689 (Oct. 26, 2022), <https://www.federalregister.gov/documents/2022/10/26/2022-23264/fair-credit-reporting-facialy-false-data>; Consumer Fin. Prot. Bureau, Consumer Financial Protection Circular 2022-07: Reasonable investigation of consumer reporting disputes (Nov. 10, 2022), [https://files.consumerfinance.gov/f/documents/cfpb\\_reasonable-investigation-of-consumer-reporting-disputes\\_circular-2022-07.pdf](https://files.consumerfinance.gov/f/documents/cfpb_reasonable-investigation-of-consumer-reporting-disputes_circular-2022-07.pdf); Consumer Fin. Prot. Bureau, *Supervisory Highlights: Issue 28, Fall 2022* (Nov. 2022), [https://files.consumerfinance.gov/f/documents/cfpb\\_supervisory-highlights\\_issue-28\\_2022-11.pdf](https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights_issue-28_2022-11.pdf); Consumer Fin. Prot. Bureau, *Supervisory Highlights: Issue 26, Spring 2022* (May 2022), [https://files.consumerfinance.gov/f/documents/cfpb\\_supervisory-highlights\\_issue-26\\_2022-04.pdf](https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights_issue-26_2022-04.pdf); Complaint, CFPB v. TransUnion, TransUnion, LLC, TransUnion Interactive, Inc. and John T. Danaher, No. 1:22-cv-01880 (N.D. Ill. Apr. 12, 2022), [https://files.consumerfinance.gov/f/documents/cfpb\\_transunion\\_complaint\\_2022-04.pdf](https://files.consumerfinance.gov/f/documents/cfpb_transunion_complaint_2022-04.pdf).

inaccurate information.<sup>8</sup> They report first learning about purported debts—such as medical bills—by reviewing their report.<sup>9</sup>

## Reporting requirement and scope

Under the FCRA, the CFPB must submit an annual report to Congress regarding information gathered by the CFPB about certain complaints<sup>10</sup> it transmits to the NCRAAs.<sup>11</sup> Along with meeting the FCRA reporting requirement, this report uses consumer complaint data to provide policymakers with timely information as they continue to consider changes to the consumer reporting system.<sup>12</sup>

This report proceeds through the following sections. Section 2 summarizes credit and consumer reporting complaints and the issues consumers raise in these complaints. Section 3 provides information required by FCRA Section 611(e)(5), analyzes the NCRAAs' responses to certain complaints transmitted to them by the CFPB, and highlights response changes from the 2021 CFPB Report. Section 4 analyzes the outcomes of complaints before and after these changes, discusses the link between complaint resolution and consumer reporting accuracy, and addresses some of the policy implications of the CFPB's findings.

## Data sources

The data used in this report come from two primary sources. The first is CFPB complaint data collected during the consumer complaint process (Figure 1).<sup>13</sup> As part of this process, the CFPB

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<sup>8</sup> See, e.g., Consumer Fin. Prot. Bureau, *Consumer Response Annual Report* (Mar. 2022), [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) (discussing trends observed in consumer complaints submitted to the CFPB). See also Consumer Fin. Prot. Bureau, *Office of Servicemember Affairs 2021 Annual Report* (June 2022) at Section 2, <https://files.consumerfinance.gov/f/documents/cfpb.osa-annual-report-2021.pdf> (discussing servicemembers' issues with credit and consumer reporting).

<sup>9</sup> See, e.g., Consumer Fin. Prot. Bureau, *Complaint Bulletin: Medical billing and collection issues described in consumer complaints* (Apr. 2022), [https://files.consumerfinance.gov/f/documents/cfpb\\_complaint-bulletin-medical-billing\\_report\\_2022-04.pdf](https://files.consumerfinance.gov/f/documents/cfpb_complaint-bulletin-medical-billing_report_2022-04.pdf).

<sup>10</sup> See discussion of covered complaints *infra* Section 3.

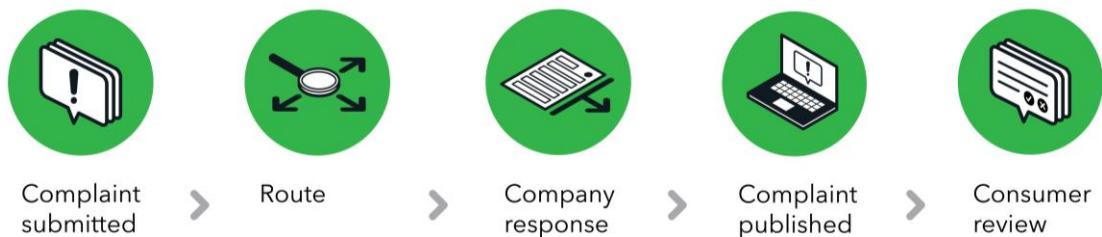
<sup>11</sup> 15 U.S.C. § 1681i(e)(5).

<sup>12</sup> Consumer reporting is a frequent subject of legislative proposals. See, e.g., 2021 CFPB Report, *supra* note 1 at note 13. See also Credit Access and Inclusion Act of 2022, H.R. 8985, 117th Congress (2022); Credit Reporting Accuracy After a Legal Name Change Act of 2022, H.R.8478, 117th Congress (2022); [A Bill] To amend the Fair Credit Reporting Act to permit certain credit repair organizations to dispute credit information directly with a furnisher, and for other purposes, H.R.7919, 117th Congress (2022); Comprehensive CREDIT Act of 2021, H.R.4120, 117th Congress (2022).

<sup>13</sup> The Dodd-Frank Wall Street Reform and Consumer Protection Act directs the CFPB to collect, investigate, and respond to consumer complaints. See 12 U.S.C. § 5511(c)(2). The FCRA directs the CFPB to transmit certain complaints to the NCRAAs, and it directs the NCRAAs to address those complaints and provide certain information about its handling of the complaints to the CFPB. See 15 U.S.C. § 1681i(e).

collects information from both consumers<sup>14</sup> and companies and makes a subset of this data publicly available in the Consumer Complaint Database.<sup>15</sup>

FIGURE 1: CONSUMER COMPLAINT PROCESS



The CFPB accepts complaints online, over the phone, by mail, and by referral from the White House, congressional offices, and other federal and state agencies. The CFPB routes complaints directly to the company or companies identified by the consumer for review and response. Companies are expected to review the information provided in the complaint, communicate with the consumers as needed, determine what action to take in response, and provide a written response to the CFPB and the consumer.

Companies report back to the consumer and the CFPB in writing via a secure Company Portal. Companies choose a closure category that best describes—and is supported by—their written response. Category options include *Closed with monetary relief*, *Closed with non-monetary relief*, *Closed with explanation*, and administrative options.<sup>16</sup> Throughout this report, the CFPB uses the term *relief* for actions the NCRA indicate they have taken in response to CFPB complaints. Most often the reported relief is non-monetary (e.g., an NCRA reporting that it made changes to a consumer's report).

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<sup>14</sup> 12 U.S.C. § 5481(4) (“The term ‘consumer’ means an individual or an agent, trustee, or representative acting on behalf of an individual.”).

<sup>15</sup> See Consumer Fin. Prot. Bureau, Consumer Complaint Database, <https://www.consumerfinance.gov/data-research/consumer-complaints/>. See also Disclosure of Consumer Complaint Narrative Data, 80 FR 15572 (Mar. 24, 2015), <https://www.federalregister.gov/documents/2015/03/24/2015-06722/disclosure-of-consumer-complaint-narrative-data>.

<sup>16</sup> The CFPB does not expect a substantive response in limited circumstances. For example, a company is not required to respond substantively to a complaint when it is involved in pending consumer-initiated litigation. In these situations, companies can use an administrative response, which allow companies to return complaints to the CFPB with an explanation as to why the company is not providing a substantive response to the complaint. See Consumer Response Annual Report, *supra* note 8 at 10.

This report focuses mainly on CFPB complaint data from October 2021 to September 2022, but data going back to 2020 is included to provide more context.<sup>17</sup>

The second data source is information collected from a set of focus groups and interviews conducted by the CFPB with 44 renters from low-to-medium income households in early 2022 to understand consumers' experiences with credit reports and scores.

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<sup>17</sup> Complaint data in this report are current as of December 1, 2022. This report excludes some complaints that the CFPB received, including multiple complaints submitted by a given consumer on the same issue (i.e., duplicates) and whistleblower tips. Complaint numbers are rounded throughout the report; therefore, numbers and percentages may not sum to 100%. In referenced consumer narratives, minor misspellings and grammatical errors have been corrected to increase readability.

## 2. Complaint data

From October 2021 to September 2022, the CFPB received nearly one million credit or consumer reporting complaints.<sup>18</sup> The CFPB sent more than 565,000 credit or consumer reporting complaints to companies for response.<sup>19</sup> Of these, the CFPB transmitted more than 488,000 to Equifax, Experian, or TransUnion. In addition to complaints about the NCRAAs, consumers also submitted complaints about other CRAs (e.g., employment and tenant screening companies) and data furnishers<sup>20</sup>.

As discussed in the 2021 CFPB Report, credit or consumer reporting complaint volume increased substantially over the past three years.<sup>21</sup> This year, while volumes remain elevated, the increase appears to have largely leveled off at each company type (Figure 2).

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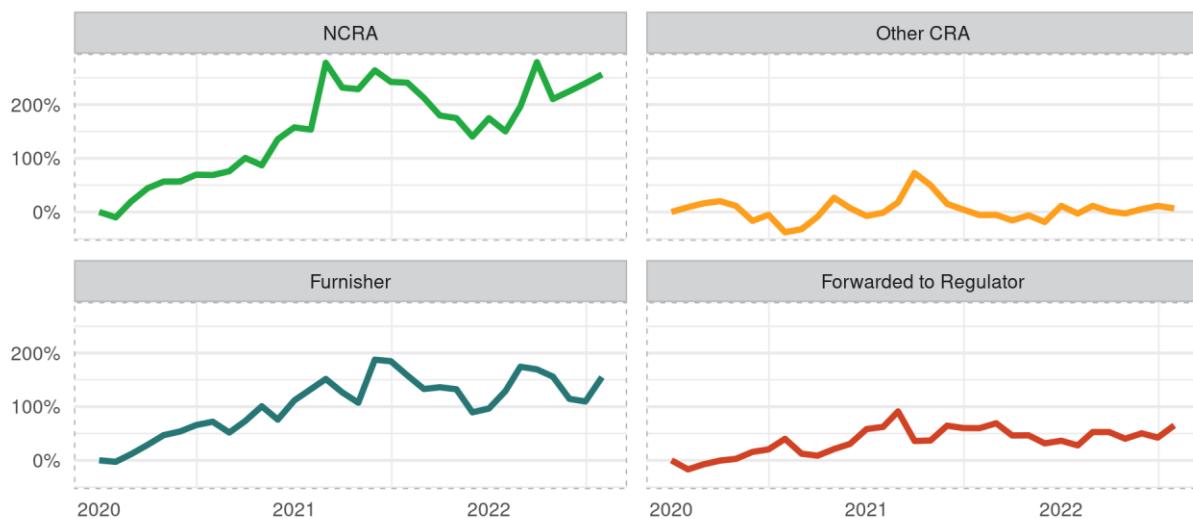
<sup>18</sup> The credit reporting industry is the subject of a large number of complaints in part because of its market structure. See, e.g., 2021 CFPB Report, *supra* note 1 at Section 3 (discussing the difficulty of complaint volume comparisons to other products). See also discussion *infra* note 39 (discussing how the design of the CFPB complaint form reflects the market features by permitting consumers to submit complaints about up to four companies).

<sup>19</sup> The difference in complaints received and complaints sent to companies for response is largely the result of the CFPB's efforts to monitor and safeguard its complaint process from third-party submitters who do not disclose their involvement in the complaint process. See 2021 CFPB Report, *supra* note 1 at Section 3.1 ("The CFPB maintains processes and procedures to protect the integrity of the complaint system. It has refined, and continues to refine, these processes to detect and discontinue the processing of complaints where the CFPB has reason to believe that third parties are not disclosing their involvement in the complaint process."). In May 2022, the CFPB implemented a login requirement to its online complaint form, which first prompts a complainant to create an account with their email address and a password.

<sup>20</sup> 2021 CFPB Report, *supra* note 1 at 9 ("an entity that furnishes information relating to consumers to one or more CRAs for inclusion in a consumer report").

<sup>21</sup> *Id.* at Section 3.1 (noting CFPB complaint volume increased over several years and discussing some of the factors that led to this increase).

**FIGURE 2:** COMPLAINT VOLUME BY COMPANY TYPES INDEXED TO JANUARY 2020



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Each chart displays the complaint volume for the company type indexed to that group's January 2020 complaint volume. *Forwarded to Regulator* is comprised of complaints that the CFPB does not send to companies for review and response, such as complaints about depository institutions with \$10 billion or less in assets or non-depositories that do not offer a consumer financial product or service.

When submitting complaints, consumers identify the issue that best describes the problem they experienced.<sup>22</sup> Figure 3 shows the frequency of issues identified by consumers at different company types. Issues consumers identified in their complaints about the NCRA are largely similar to issues consumers identified in complaints about other CRAs and data furnishers, although a greater share of complaints submitted about the NCRA concerned problems with a prior investigation.

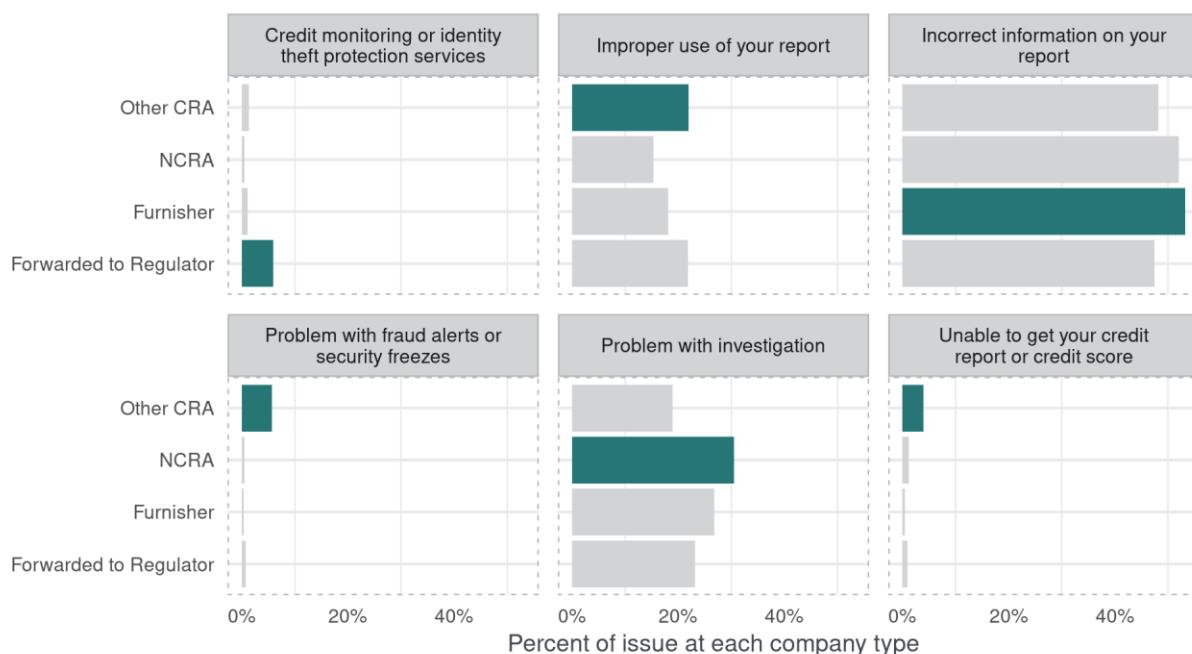
This difference in problems about a prior investigation is further reflected in consumers' self-reported attempts to resolve issues by contacting the company directly before submitting a complaint.<sup>23</sup> In complaints about the NCRA, more than 93% of consumers reported having previously attempted to fix their problem with the company. This compares with only 86% for furnishers and less than 85% for other CRAs.

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<sup>22</sup> 2021 CFPB Report, *supra* note 1 at Section 2.3 (discussing the CFPB complaint process).

<sup>23</sup> See discussion *infra* Section 3.1. See also 2021 CFPB Report, *supra* note 1 at Section 2.3 (discussing how the online complaint form asks consumers whether they have attempted to fix the problem with the company).

**FIGURE 3: SHARE OF CREDIT AND CONSUMER REPORTING ISSUE FOR EACH COMPANY TYPE**



Each chart shows the share of an issue received by the company type. The company type with the highest share is highlighted.

These relatively large differences in prior contact between the NCRA and other company types may reflect the visibility of the NCRA compared with other CRAs. They may also reflect the relative accessibility of dispute mechanisms at the NCRA compared with some furnishers and CRAs, or the willingness of consumers to attempt to dispute information directly with the company. For example, smaller CRAs may not have dispute mechanisms that are as prominent to consumers as the dispute mechanisms made available by the NCRA, or consumers may be reluctant to contact debt collection furnishers directly.

Compared with the NCRA, a greater share of complaints about other CRAs relate to the improper use of a consumer's report. Consumers who submitted these complaints often reported that they did not recognize inquiries reflected on their reports or they thought inquiries were made by companies without a permissible purpose to obtain their reports.<sup>24</sup> Complaints

<sup>24</sup> See, e.g., Consumer Complaint 5299939, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/5299939> (“Upon reviewing my credit report I noticed several suspicious inquiries.”). See also Consumer Complaint 5685247, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/5685247>. (“I was shopping for (2) vehicles. I was pre-approved by [lender]. I had already selected my vehicles. When I went to the dealership to complete the deals and pick up the vehicles. The sales person

about other CRAs were also more likely to be about difficulty placing or lifting security freezes or problems obtaining a credit report or score.<sup>25</sup>

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and finance team [took] it upon themselves to run my credit multiple times [through] many financial institutions without my signed consent searching for a better deal that. I didn't ask them to do. I was satisfied with the companies that I chose. To submit my information over (40) times ... was abusive and excessive.”).

<sup>25</sup> See, e.g., Consumer Fin. Prot. Bureau, *Consumer Snapshot: Tenant background checks* (Nov. 2022), [https://files.consumerfinance.gov/f/documents/cfpb\\_consumer-snapshot-tenant-background-check\\_2022-11.pdf](https://files.consumerfinance.gov/f/documents/cfpb_consumer-snapshot-tenant-background-check_2022-11.pdf) (discussing problems accessing tenant screening reports).

# 3. NCRA complaint response analysis

FCRA Section 611(e)(3) directs an NCRA to review all complaints transmitted to it by the CFPB about incomplete or inaccurate information where a consumer appears to have previously disputed the information with the NCRA.<sup>26</sup> The CFPB has operationalized the 611(e)(3)(A) review requirement and the 611(e)(3)(B) reporting requirement for two issues—*Incorrect information on your report* and *Problem with a credit reporting company's investigation into an existing problem*—and where consumers indicated they previously attempted to fix the problem with the NCRA. The CFPB refers to this subset of complaints as *covered complaints* in this report.

Of the more than 488,000 complaints transmitted by the CFPB to the NCRA between October 2021 and September 2022, about 65% were covered complaints. The analysis in Section 3 focuses on covered complaints.

## 3.1 Prior dispute attempts

When submitting complaints, the CFPB asks consumers whether they previously attempted to fix the problem with the company. Similarly, in complaints about incorrect information and problems with a prior investigation, the CFPB asks the NCRA whether they have a record of the consumer disputing the information or whether they have received information from data furnishers about an error.

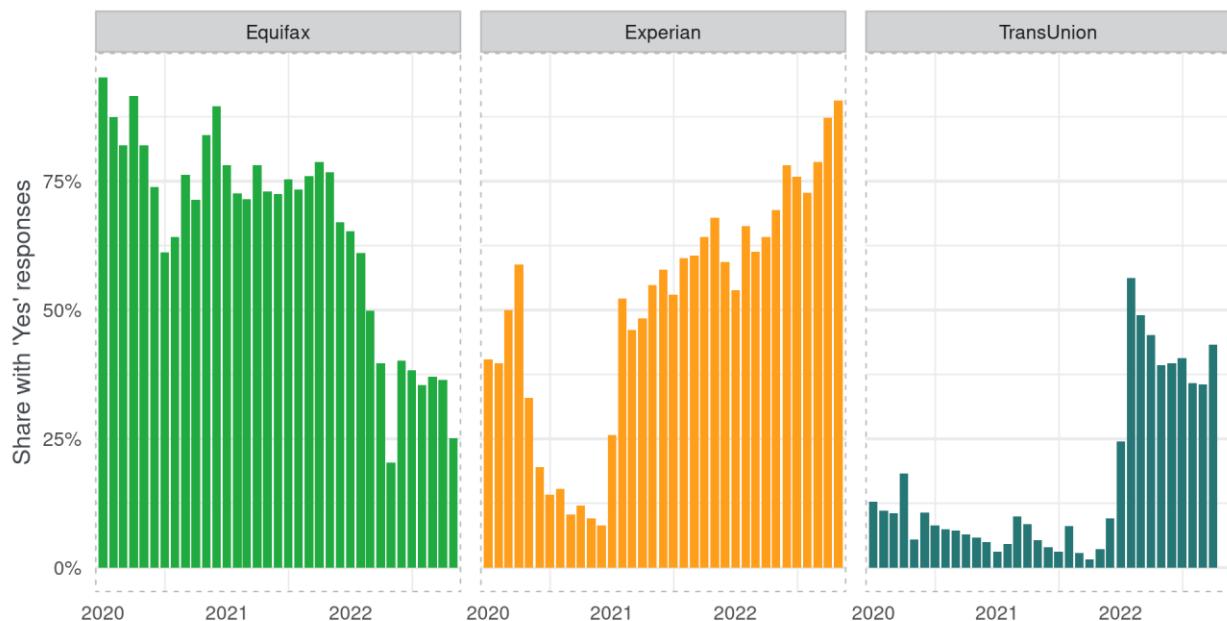
Figure 4 displays the share of covered complaints in which the NCRA indicated that the consumer previously disputed the information. Rates of reporting prior disputes differ

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<sup>26</sup> 15 U.S.C. § 1681i(e)(3).

substantially among the NCRAAs. And within each NCRA, reporting of prior disputes changed substantially over the past three years.

**FIGURE 4: SHARE OF COMPLAINTS WITH PRIOR DISPUTE ACCORDING TO EACH NCRA**



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Each chart shows the monthly share of covered complaints where the NCRA responded ‘Yes’ when asked if the consumer had previously disputed.<sup>27</sup>

Equifax, for example, reported that a decreasing share of consumers previously disputed information, whereas Experian and TransUnion reported that an increasing share of consumers previously disputed information. These large and diverging changes suggest that the data about prior disputes provided by the NCRAAs should be interpreted with caution. While it is possible that these changes reflect trends in the prior dispute behavior of consumers submitting complaints, it is also possible that they reflect the NCRAAs’ continued inability to accurately identify whether consumers previously submitted a dispute, a failure to respond accurately to

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<sup>27</sup> When companies use administrative responses to respond to complaints, the CFPB does not ask the NCRAAs additional questions about prior disputes. Because the NCRAAs’ use of administrative responses has changed substantially over the past three years, Figure 4 calculates the percentage of “Yes” responses out of all complaints closed with explanation or relief and excludes administrative responses from the denominator. The CFPB uses this calculation to make clear that changes in the share of reported prior disputes are not due to companies’ inability to provide this information for complaints they previously closed administratively.

complaints, or both.<sup>28</sup> And because there is no comparable trend in the rate at which consumers claim to have previously contacted the company, inaccurate responses from the NCRAAs may be the more likely explanation.<sup>29</sup>

## 3.2 Response types

As discussed in the 2021 CFPB Report, the NCRAAs significantly changed the way they responded to complaints in 2020.<sup>30</sup> These changes were reflected in complaint data as high-volume template (or form) company responses in which the CFPB and consumers often did not receive a substantive response to the complaint.<sup>31</sup> These high-volume template responses are summarized in Table 1. In mid- to late-2021, a new template emerged—a “non-response” template—in which the company response did not include specific content related to the issues raised in the complaint. The CFPB’s analysis concludes that only Equifax used a non-response template, and it appears to have discontinued the use of this template in mid-2022.

TABLE 1: TYPES OF COMPANY RESPONSES

Type	Description	Example response language
Non-templated response	Complaint response that does not use a high-volume template. This response type includes lower volume templates and complaints in which the consumer received a custom response.	We initiated an investigation into the items and the results are below: We have researched the credit account. Account ##### The results are: This creditor has verified to [NCRA] that the current status is being reported correctly. This creditor has verified to [NCRA] that the prior paying history is being reported correctly.

<sup>28</sup> See, e.g., 2021 CFPB Report, *supra* note 1 at 45 (“The CFPB believes that the data collected from the NCRAAs in response to this question no longer accurately represents the share of consumers who have previously disputed with the NCRAAs.”).

<sup>29</sup> The vast majority of consumers report attempting to resolve the issue with the company before submitting a complaint to the CFPB. In 2021 and 2022, for example, about 90% of consumers reported first attempting to resolve their issue with the NCRAAs.

<sup>30</sup> 2021 CFPB Report, *supra* note 1 at Section 5.2.

<sup>31</sup> For the purposes of this report, the CFPB considered template or form responses to be those that are identical to other responses provided more than 5,000 times. Because there are a number of templates that have been used less frequently, the actual rate of complaints that receive non-specific responses is higher than what is reported in Figure 5, *infra* Section 3.3.

Type	Description	Example response language
Referred to dispute channel template	Complaint response indicates that the complaint will be referred to the NCRA's dispute channel without additional detail.	After careful review, we have determined your complaint includes a dispute of information appearing on your credit report; therefore, we have forwarded your complaint to our consumer relations center for processing. You will receive your results within sixty (60) days from the date you submitted your complaint to the CFPB.
Request for more information template	Complaint response indicating there is a mismatch between the information provided in the complaint and the information available in the consumer's file.	At this time, the information you have provided does not match our records. In order to proceed, we have mailed you a separate request for additional documents you may provide as documented proof by mail to confirm you are the rightful owner.
Third-party template	Complaint response indicating the NCRA suspects third-party involvement.	This complaint meets the criteria of a credit repair organization. It either has the same email address for multiple consumers, same naming convention or similar narrative in the attachment or it has the same and/or similar narratives as 20+ other complaints within a 45-day period.
Non-response template	Complaint response does not include specific content related to the issues raised in the complaint	Thank you for submitting your complaint through the CFPB Complaint Portal. In your complaint, you indicated that there were inaccurate or incorrect items reporting on your credit file. We hope this resolves your concerns. If you have any additional questions, you may call [phone number] or you may visit [website]. ... [Y]ou can create an account to manage your security freeze, add or remove fraud alerts, and initiate credit file disputes. Additionally, you can access free ... credit reports and other products.

### 3.3 NCRA's changes to complaint responses

The CFPB's analyses of the NCRA's complaint responses indicate that all three companies changed the way they respond to complaints in 2022, marking a significant departure from 2020 and 2021.

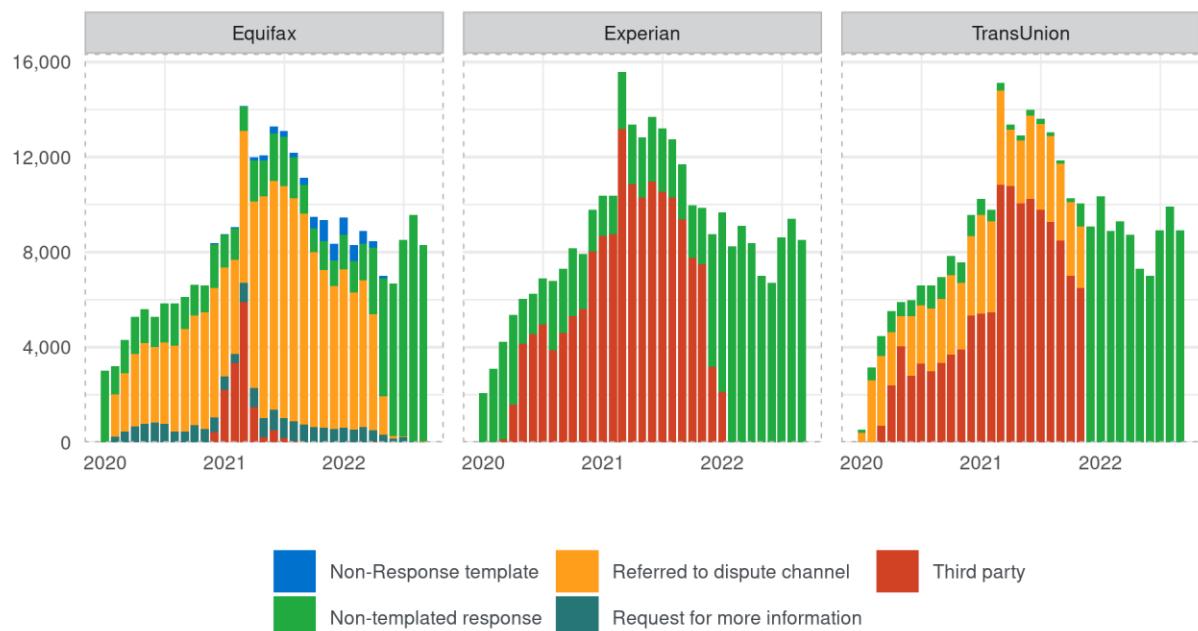
#### The NCRA's complaint responses have changed significantly

In 2020 and 2021, most complaints received one of two response types:

- **Referred to dispute channel.** The first response type—used by Equifax and TransUnion—indicated the NCRA was referring the complaint to its dispute channel (*See Table 1, Referred to dispute channel template*). This type of response made up a majority of Equifax's responses and a large portion of TransUnion's responses in 2020 and 2021 (*See Figure 5, Referred to dispute channel*).
- **Third party.** The second response type—used by all three NCRA's, but mostly Experian and TransUnion—indicated the NCRA would not respond to the complaint because the NCRA suspected third-party involvement (*See Table 1, Third party template*). This type of response made up a majority of Experian's and TransUnion's responses in 2020 and 2021 (*See Figure 5, Third party*).

Recent complaint data show that the use of both these response types has declined substantially in recent months. Most complaints now receive responses that are more substantive and tailored (*See Figure 5, Non-templated response*).

**FIGURE 5:** COMPLAINT RESPONSE TYPES FOR EACH NCRA



Response types for the NCRA are determined by classifying the response language provided by the companies in their narrative responses to complaints. A summary of the response types is listed in Table 1.

## The NCRA are taking more time to respond to complaints

The CFPB's complaint process allows companies up to 60 calendar days to provide a final response to the CFPB and the consumer. As noted in the 2021 CFPB Report, amid rapidly increasing complaint volume, the time the NCRA took to respond to complaints *decreased* in 2020 and 2021.<sup>32</sup> By late 2020, the NCRA closed most complaints in just a few days—well before the NCRA could feasibly conduct and provide results of the many investigations that may have begun as part of responding to consumers' complaints.<sup>33</sup>

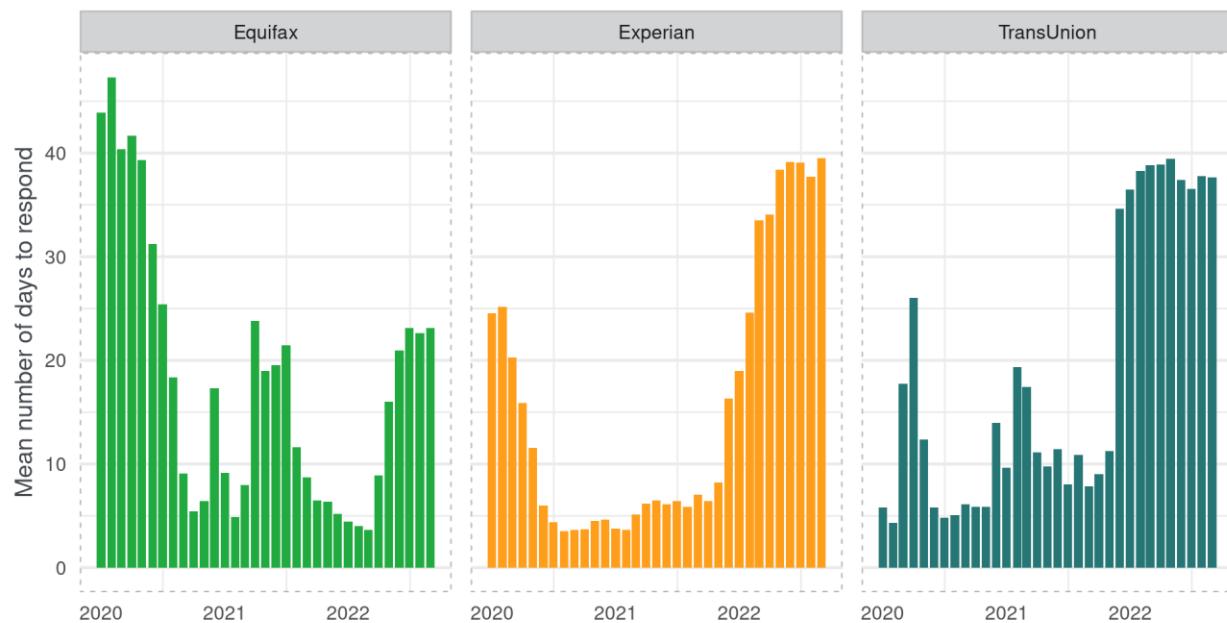
This trend has since reversed. Figure 6 shows the average number of days the NCRA took to respond to complaints. In 2022, average response times increased and are now greater than their averages prior to 2020. In August 2022, nearly 64% of complaints took 30 days or more to receive a response. This increase brings the complaint response timeline closer to the timeline of

<sup>32</sup> 2021 CFPB Report, *supra* note 1 at Section 5.2 (“By mid-2020, however, all three NCRA closed their complaints in fewer than 10 calendar days”).

<sup>33</sup> Many of Experian's complaint responses in 2022, for example, noted that it takes up 30 days to complete an investigation.

the dispute process, which provides CRAs up to 45 days to respond to consumers under some circumstances.<sup>34</sup>

**FIGURE 6: AVERAGE NUMBER OF DAYS TO RESPOND TO A COMPLAINT**



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Each chart shows the mean number of days between submission date and closure date for complaints submitted in that month.

## The NCRA are providing more tailored complaint responses

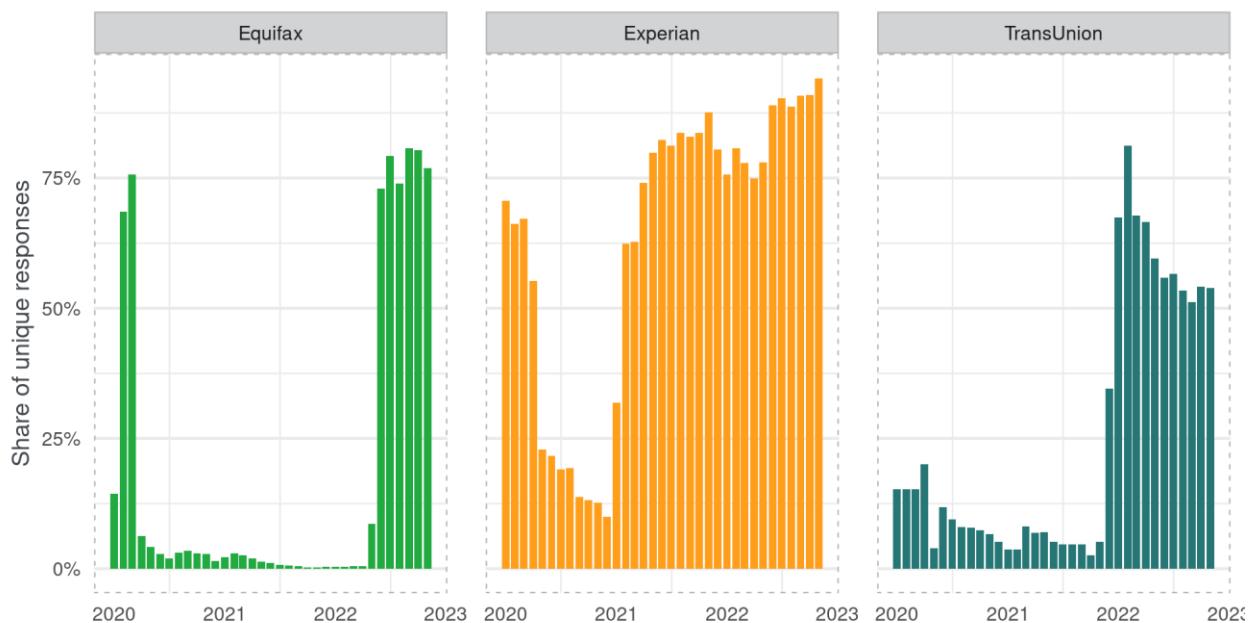
The written responses provided by the NCRA to consumers and the CFPB have also changed. Across all three companies, most responses now describe the outcomes of consumers' complaints, even when the NCRA report that relief was not provided. Figure 7 illustrates the extent of these changes. Each bar in the chart shows the share of complaints that received a tailored response—in other words, a written response in which the text was unique to that complaint. In September 2022, all three NCRA provided a tailored response to more than 50% of complaints that were closed with explanation or relief. Even when not resolved in the consumer's favor, these tailored explanations can clarify the source of contested information and that the source has verified the reported information. Some consumers, including those who

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<sup>34</sup> See generally 15 U.S.C. 1681i(a).

have not already contacted the furnisher, may recognize the need to contact the furnisher directly through this information.

**FIGURE 7:** MONTHLY SHARE OF TAILORED RESPONSES AT THE NCRAS FOR COMPLAINTS CLOSED WITH EXPLANATION OR RELIEF



*Tailored response* means only one consumer received the text of the complaint response. Experian's result may appear to conflict with Figure 5 insofar as Experian's share of tailored responses is greater than 75% in 2021 and 2022. But Figure 5 includes the large volume of templated responses that Experian was closing administratively, which are excluded from Figure 7. Put another way, Experian began providing unique responses to a small slice of complaints before it stopped screening out large volumes of complaints.

## The NCRA are reporting greater rates of relief in response to complaints

When responding to complaints, companies must select the closure category that best describes their response. Categories include *Closed with monetary relief*, *Closed with non-monetary relief*, *Closed with explanation*, and administrative options.<sup>35</sup> In 2021, the NCRA reported relief in less than 2% of complaints down from nearly 25% of complaints in 2019.<sup>36</sup>

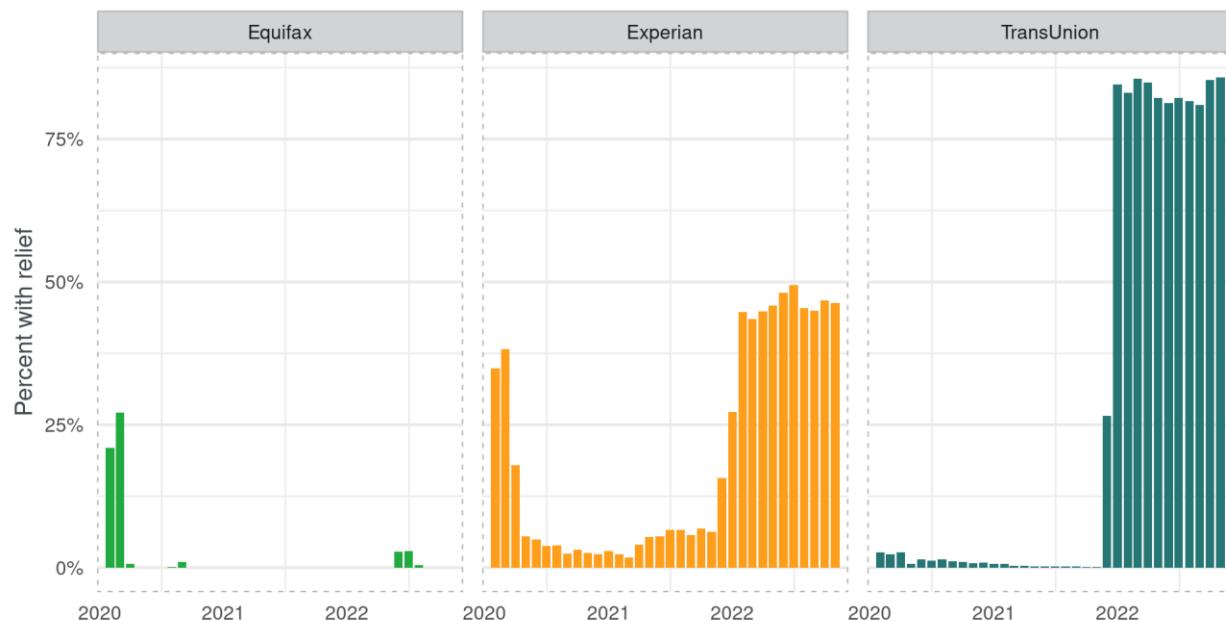
That trend has also reversed. Figure 8 shows the count of complaints for which the NCRA reported providing relief, monetary or non-monetary. In 2022, TransUnion reported providing

<sup>35</sup> See discussion *supra* Section 1 (Data Sources) (discussing closure categories and their use).

<sup>36</sup> 2021 CFPB Report, *supra* note 1 at 52.

relief in most complaints. Experian reported providing relief in nearly half of complaints. Equifax reported that it did not provide relief, but its written complaint responses suggest otherwise (as discussed below). Non-monetary relief is most often reported by the NCRAs, consisting of changes to a consumer's credit report. The timing of these changes in reporting of relief are consistent with the timing of changes in the average time to respond to complaints, as well as the increase in more tailored complaint responses.

**FIGURE 8:** TOTAL NUMBER OF COMPLAINTS WITH REPORTED RELIEF



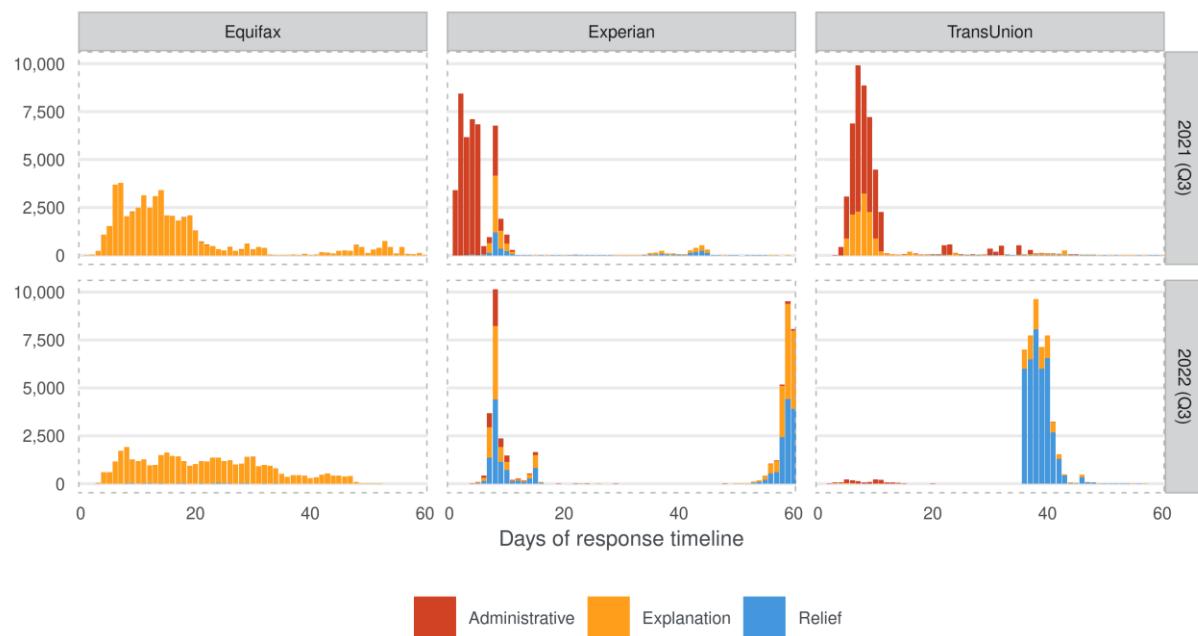
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Each chart shows the share of monthly responses indicating relief at each of the NCRAs. Reporting of relief has increased substantially at two of the three NCRAs.

## The NCRAs' complaint response patterns vary

The NCRAs' changes in response times and reporting of relief over time are consolidated in Figure 9, which shows the number of complaints by closure category on each day of the 60-day response timeline in the third quarter of 2021 compared to the third quarter of 2022.

**FIGURE 9: COMPLAINT VOLUME PER DAY BY CLOSURE CATEGORY AND COMPANY FOR Q3 OF 2021 AND 2022**



Each chart shows the volume of complaints closed on each day of the 60-day closure timeframe for a single quarter (Q3). Each column of charts thus shows changes in the timing of responses for a particular company. Each row of charts allows for comparisons across the three NCRAs for Q3 of 2021 and 2022. The colors of the bars show closure categories. Changes in the timing of responses across the closure timeframe accompany increases in the reporting of relief at two of the three NCRAs. Differences in when complaints are closed also suggest process differences at the three NCRAs.

TransUnion now responds to a small percentage of complaints using an administrative response in the first 15 or so days. TransUnion responds to most complaints within a narrow window around the 40th day, reporting most of its relief at that time.

Experian has a bimodal distribution in its complaint responses in 2022, responding to complaints early in the response timeline and late in the timeline. Similar to TransUnion, Experian responds to some complaints using an administrative response early in the timeline—typically within the first 20 days. Experian reports providing relief early in the timeline, as well as late in the timeline.

Unlike TransUnion and Experian, Equifax’s responses are generally evenly distributed within the first 35 days of the resolution timeline. Equifax closes nearly all complaints in fewer than 50 days.

## Equifax's written responses do not support its use of certain complaint closure categories

As discussed, when responding to complaints, companies must select the closure category that best describes their written response. When an NCRA reports that it has made changes to a consumer's report (e.g., an update), they are to close the complaint with the closure category, *Closed with non-monetary relief*.<sup>37</sup>

Equifax is closing complaints almost entirely with the *Closed with explanation* closure category, which signifies that it has not provided relief. But many of Equifax's written responses contain text stating it has made changes to reports. For example, in many of its responses, Equifax describes tradelines being changed or deleted from a consumer's report. This suggests that relief totals as reported are not comparable among the NCRAAs because Equifax is not providing closure responses that accurately reflect its actions.<sup>38</sup>

To estimate the rate at which Equifax is reporting making changes to reports, the CFPB compared language across the NCRAAs' written responses. To make this comparison, the CFPB examined a subset of complaints submitted to all three NCRAAs in July 2022.<sup>39</sup> In these complaints, the consumer provided the same attachments and the same written description to all three NCRAAs on the same day. The CFPB focuses on this subset because it reveals how substantially similar complaints were handled by each of the NCRAAs. For this subset, differences in relief rates should reflect differences in how the complaints were handled. In other words, this selection allows the CFPB to limit the influence of selection effects that may otherwise cause differences in relief rates.

Table 2 summarizes the results of this analysis. These totals strongly suggest that a large share of responses to the complaints in the sample reflect some change to a consumer's report. The remaining differences in rates of relief among the NCRAAs are harder to explain and likely are caused by various factors, such as information no longer appearing on the consumer's report.

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<sup>37</sup> See discussion *supra* Section 1 (Data sources) (discussing closure categories and their use).

<sup>38</sup> Responses from Experian and TransUnion contain language similar to Equifax, which resembles what is typically found in a dispute investigation letter. In complaints where Experian and TransUnion have reported changes to reports, they generally closed the complaint with the *Closed with non-monetary relief* closure category.

<sup>39</sup> The CFPB's complaint form allows consumers to submit complaints to multiple companies in a single session. See, e.g., Consumer Fin. Prot. Bureau, Consumer Response Annual Report (Mar. 2021), [https://files.consumerfinance.gov/f/documents/cfpb\\_2020-consumer-response-annual-report\\_03-2021.pdf](https://files.consumerfinance.gov/f/documents/cfpb_2020-consumer-response-annual-report_03-2021.pdf) (“When submitting complaints, consumers identify the company or companies about which they are complaining. In April 2017, in response to feedback from stakeholders and consumers, the Bureau made enhancements to improve the user experience when submitting a complaint. Where consumers had previously had to go through the entire submission process separately for each company about which they were submitting a complaint, beginning in April 2017 consumers could use one submission process to submit complaints about up to four companies. The Bureau sends one complaint to each company the consumer identifies.”).

**TABLE 2:** TOTAL NUMBER OF COMPLAINTS WITH REPORTED RELIEF

	<b>Total complaints<sup>40</sup></b>	<b>Complaints with relief reported</b>	<b>Complaint responses with language suggesting relief</b>	<b>Complaint responses with language suggesting relief but no relief reported<sup>41</sup></b>
Equifax	8,693	53	4,415	4,362
Experian	8,454	2,441	2,327	1
TransUnion	8,685	3,876	3,614	0

<sup>40</sup> Differences in total complaints can largely be explained by the NCRA returning complaints submitted by a given consumer on the same issue (i.e., duplicates). These complaints are excluded from complaint counts. See discussion note 17.

<sup>41</sup> The CFPB searched response text for certain keywords and phrases (“modify,” “update,” “remove,” “delete,” and variations on “does not appear” and “not on file”). See discussion *infra* Appendix A.

## 4. Discussion

Section 3 analyzed changes observed in the NCRAAs' responses to covered complaints. The CFPB is still assessing these changes and what they mean practically for consumers. Early observations provide some evidence for cautious optimism as the NCRAAs appear to have a renewed focus on responding to consumer complaints transmitted by the CFPB.

In this final section, the CFPB uses what it has learned from consumers—vis-à-vis complaints and focus group interviews—to discuss consumer reporting more broadly. This discussion is particularly important given recent congressional interest in the NCRAAs' complaint and dispute handling.<sup>42</sup> The NCRAAs' handling of disputes is outside the scope of this report, but the NCRAAs' responses to a recent congressional inquiry suggest there are certain areas in which there are striking similarities between the handling of complaints and the handling of disputes.<sup>43</sup> Thus, market participants and policymakers should consider the extent to which the following discussion applies to consumers' experiences with credit reporting more broadly, including consumers' attempts to have problems with their credit reports resolved.

For Section 4, the CFPB focuses on all complaints sent to the NCRAAs for response, not just covered complaints. The screening policies in place at the NCRAAs—*i.e.*, the policies in place to identify complaints that would receive a templated response—were not limited to covered complaints but were applied to complaints across all issue categories. By broadening the data set, the CFPB is able to look at the overall effect for consumers, regardless of their reported problem.

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<sup>42</sup> See, e.g., Letter from The Hon. James E. Clyburn, Chairman, Select Subcomm. on the Coronavirus Crisis, to The Hon. Rohit Chopra, Director, Consumer Fin. Prot. Bureau (Oct. 13, 2022), <https://coronavirus.house.gov/sites/democrats.coronavirus.house.gov/files/2022.10.13%20Clyburn%20to%20CFPB%20re%20Credit%20Reporting.pdf> (“Letter from the Select Subcomm. on the Coronavirus Crisis”) (letter summarizing information obtained from the NCRAAs in response to an inquiry by the Select Subcommittee on the Coronavirus Crisis).

<sup>43</sup> *Id.* at 4 (discussing how, similar to complaints, the NCRAAs use broad and speculative criteria to determine whether a dispute may have come from an unauthorized third party).

## 4.1 Complaint outcomes following changes

In 2020 and 2021, the NCRAAs were the subject of an increasing number of CFPB complaints. In response to larger complaint volumes, the NCRAAs closed complaints faster than in previous years.<sup>44</sup> According to information obtained from a congressional inquiry, over the same period, two of the three NCRAAs reported reduced staffing levels devoted to complaint and dispute handling (Table 3).<sup>45</sup> Equifax attributed the reduction of staffing levels to increased automation.<sup>46</sup>

TABLE 3: NUMBER OF STAFF INVOLVED IN RESPONDING TO CFPB COMPLAINTS AND DISPUTES<sup>47</sup>

	Equifax	Experian <sup>48</sup>	TransUnion
2019	1,300	550	255
2020	1,270	582	223
2021	1,040	730	171

Consumer interactions with financial service providers and businesses are increasingly becoming automated.<sup>49</sup> The use of automation in the credit reporting industry has been a

<sup>44</sup> 2021 CFPB Report, *supra* note 1 at 55 (“In what has been a record period for credit or consumer reporting complaint volume, the CFPB’s analysis reveals that the NCRAAs are closing complaints faster and with fewer instances of relief.”).

<sup>45</sup> Letter from the Select Subcomm. on the Coronavirus Crisis, *supra* note 42 at Table 4.

<sup>46</sup> *Id.* at 11 (“The company [Equifax] attributed the reduction in staffing levels from 2019 to 2021 to increased automation.”).

<sup>47</sup> *Id.* at Table 4.

<sup>48</sup> *Id.* at 11 (“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.”).

<sup>49</sup> See, e.g., McKinsey & Company, *Your questions about automation, answered* (July 8, 2022), <https://www.mckinsey.com/capabilities/operations/our-insights/your-questions-about-automation-answered> (“Respondents in financial services are the most likely to say their organizations are scaling automation technologies across the business. ... respondents in financial services are much more likely than those in other industries to report cost savings as the biggest benefit...”). See also Press Release, Gartner, *Gartner Says Worldwide RPA Software Spending to Reach \$2.9 Billion in 2022* (Aug. 1, 2022), <https://www.gartner.com/en/newsroom/press-releases/2022-08-1-rpa-forecast-2022-2q22-press-release>.

discussion topic for more than a decade.<sup>50</sup> Automation can improve welfare and productivity, especially when it frees up available resources for more difficult and judgment-laden work.<sup>51</sup> The NCRAAs' complaint responses, however, illustrate how automation of decision-making can create a burden for consumers and make it more difficult for them to resolve problems with their reports.

The NCRAAs' use of third-party screens<sup>52</sup> provides an example of an automated decision-making process—here, a set of rules—in which the presence or absence of certain characteristics in a complaint submission dictated whether an NCRA would respond to a CFPB complaint. As discussed in Section 3.3, recent complaint data show that the NCRAAs significantly decreased their use of third-party screens in 2022.<sup>53</sup> With these changes, the CFPB can now assess outcome differences for two groups: consumers who submitted complaints when more stringent third-party screens were in place, and consumers who submitted complaints after the NCRAAs' screening policies changed.<sup>54</sup>

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<sup>50</sup> See, e.g., Chi Chi Wu, Michael Best, & Sarah Bolling Mancini, Nat'l Consumer Law Ctr., *Automated Injustice Redux: Ten Years after a Key Report, Consumers Are Still Frustrated Trying to Fix Credit Reporting Errors* (Feb. 2019), [https://www.nclc.org/images/pdf/credit\\_reports/automated-injustice-redux.pdf](https://www.nclc.org/images/pdf/credit_reports/automated-injustice-redux.pdf); Chi Chi Wu, Nat'l Consumer Law Ctr., *Automated Injustice: How a Mechanized Dispute System Frustrates Consumers Seeking to Fix Errors in Their Credit Reports* (Jan. 2009), [https://www.nclc.org/wp-content/uploads/2022/10/report-automated\\_injustice.pdf](https://www.nclc.org/wp-content/uploads/2022/10/report-automated_injustice.pdf).

<sup>51</sup> See, e.g., Andrew Smith, *Using Artificial Intelligence and Algorithms*, Fed. Trade Comm'n. (Apr. 8, 2020), <https://www.ftc.gov/business-guidance/blog/2020/04/using-artificial-intelligence-and-algorithms> (“Headlines tout rapid improvements in artificial intelligence technology. The use of AI technology – machines and algorithms – to make predictions, recommendations, or decisions has enormous potential to improve welfare and productivity.”). See also Ma-Keba Frye, *What is Robotic Process Automation (RPA)?*, MuleSoft, <https://www.mulesoft.com/resources/api/what-is-robotic-process-automation-rpa> (“RPA is used across industries to automate repetitive business tasks.”).

<sup>52</sup> Throughout this report, the term *third party screens* refers to the NCRAAs' practice of identifying complaints that they suspected—but did not confirm—were submitted by a third party, and using this identification as a basis for not responding to the merits of consumers' complaints. See discussion *supra* Section 3.2 (discussing third-party template response).

<sup>53</sup> This is not to say that the NCRAAs have entirely abandoned complaint screens. For example, there are still thousands of complaints in which the NCRAAs do not provide a substantive response and, instead, close the complaint with an administrative response category. The CFPB's permits administrative responses under certain situations. See discussion *supra* Section 1 (Data sources). The CFPB is continuing to assess the NCRAAs' use of administrative responses to determine if they are appropriate.

<sup>54</sup> See discussion *infra* Appendix A.

## The NCRAs used third-party screens to identify purportedly unmeritorious complaints

The NCRAs have long claimed that credit repair organizations (CROs) are responsible for increasing complaint submissions to the CFPB.<sup>55</sup> In a study commissioned by the NCRAs, analysts concluded that nearly half of complaint submissions appear to use shared language. The study interpreted the use of shared language as a sign that the submissions are driven by CROs.<sup>56</sup> More recently, in August 2022, a representative of the NCRAs' trade organization stated that increasing complaint submissions were not the result of a degradation of service by the NCRAs, but rather third parties who were abusing the complaint process by submitting "bogus" complaints.<sup>57</sup>

The CFPB maintains that the NCRAs are often unable to accurately assess whether a CRO is involved in a complaint submission without first contacting the consumer. The 2021 CFPB Report discussed, for example, how the NCRAs' criteria in its third-party screens could not distinguish template language used by a CRO from template language used by a consumer.<sup>58</sup> In support of that discussion, the CFPB noted that the NCRAs screened complaints that contained language used from the CFPB and Federal Trade Commission sample letters and guidance.<sup>59</sup>

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<sup>55</sup> See, e.g., Statement, Consumer Data Indus. Ass'n., *CDIA Responds to House Select Subcommittee on the Coronavirus Crisis Letters to Credit Bureaus* (May 25, 2022), <https://www.cdiaonline.org/views/2022/05/25/cdia-responds-to-house-select-subcommittee-on-the-coronavirus-crisis-letters-to-credit-bureaus/> ("The dispute process is an important tool to notify credit bureaus about any data that may have been furnished inaccurately, so that we can correct those errors. Recent reports have highlighted trends including increased activity by certain credit repair companies, which can inflate complaint numbers and undermine the process of addressing legitimate requests.").

<sup>56</sup> See Merker et al., *CFPB Online Complaint Portal: What have we learned about submissions regarding the Nationwide Credit Reporting Agencies (NCRAs)?*, OliverWyman (2021), <https://www.experian.com/blogs/news/wp-content/uploads/2021/11/CFPB-Factsheet.pdf>. See also Press Release, Consumer Data Indus. Ass'n., *Credit Reporting: Our Obligations to Consumers* (Jan. 10, 2022), <https://www.cdiaonline.org/views/2022/01/10/credit-reporting-our-obligation-to-consumers/> ("45% of these submissions appear to use a template, a sign that they are driven by credit repair companies, many operating to remove accurate, albeit negative, information from credit reports, which to be clear, no one can do.").

<sup>57</sup> See, e.g., Sam Manas, *Credit Repair Firms Faulted for Soaring Complaints, Inside Mortgage Finance* (Aug. 15, 2022), <https://www.insidemortgagefinance.com/articles/225412-soaring-credit-reporting-complaints-the-fault-of-credit-repair-firms-cdia-says>? ("CDIA President and CEO Francis Creighton said the increase in complaints wasn't a sign of a 'degradation' in service but that 'something else is going on exogenous to the complaint system that's driving up complaints.' Creighton said there's a set of opportunistic credit repair firms that 'are deliberately designed to use the system that exists — complaints, disputes, everything else — so that people qualify for loans that they otherwise wouldn't qualify for. ... The CFPB knows their complaint portal is being abused by bad actors. ... They know those complaints are bogus.'").

<sup>58</sup> 2021 CFPB Report, *supra* note 1 at pp. 19-20. See also Credit Coach Q, *Secret Method on How To Delete ANYTHING From Your Credit Report!*, YouTube (June 16, 2022), [https://www.youtube.com/watch?v=UrJSDV9a\\_d4](https://www.youtube.com/watch?v=UrJSDV9a_d4) (one of many online videos disseminating information about credit reports).

<sup>59</sup> 2021 CFPB Report, *supra* note 1 at note 88 ("The CFPB has observed complaints where its sample letters to dispute information on a credit report, and language recommended by the FTC's guidance, do not receive a response from the NCRAs because the language met their criteria for suspected third-party involvement.").

The CFPB also highlighted how the NCRAAs did not provide substantive responses to complaints from identifiably unique sources. Experian, for example, characterized nearly 50% of complaints from identifiably unique sources as being submitted by a third party.<sup>60</sup>

With the NCRAAs having changed their use of third-party screens, the CFPB can now more fully assess outcomes for consumers' complaints. This analysis is important for determining whether complaints submitted to the CFPB are, indeed, "bogus."

## With changes to their CFPB complaint screening policies, the NCRAAs are reporting greater rates of relief

To assess changes in complaint outcomes, the CFPB first identified the timing of the NCRAAs' policy changes—in this case, when the NCRAAs changed the use of third-party screens.

Identifying this moment allows the CFPB to compare outcomes across the before period (the period in which stringent third-party screens were in place) and the after period (the period in which the use of third-party screens changed).<sup>61</sup> To identify these periods, the CFPB looked for level changes in the volume of non-templated responses. The CFPB estimates the timing of the NCRAAs' policy changes with respect to third-party screens as the points at which the volume of non-templated responses increased. Appendix A includes a more thorough description of the process used to identify these periods.

Comparing the raw differences in relief rates between the before period (less than 3% of reported relief) and the after period (more than 48% of reported relief) is misleading because screened complaints had zero probability of receiving relief. Thus, in order to provide a fair assessment—in the light most favorable to the NCRAAs—the CFPB compares two subsets of complaints in which relief was possible. In particular, the CFPB compares (a) complaints that received a non-templated response during the before period with (b) complaints that received a non-templated response in the after period. The CFPB also limits this comparison to responses from NCRA staff members who responded to complaints in both periods. This additional filtering is done to account for staff turnover at the NCRAAs. By limiting the data set in this way, the results more clearly suggest that changes to screening policies—and not changes in who is responding to complaints—are responsible for the shift in reported relief.

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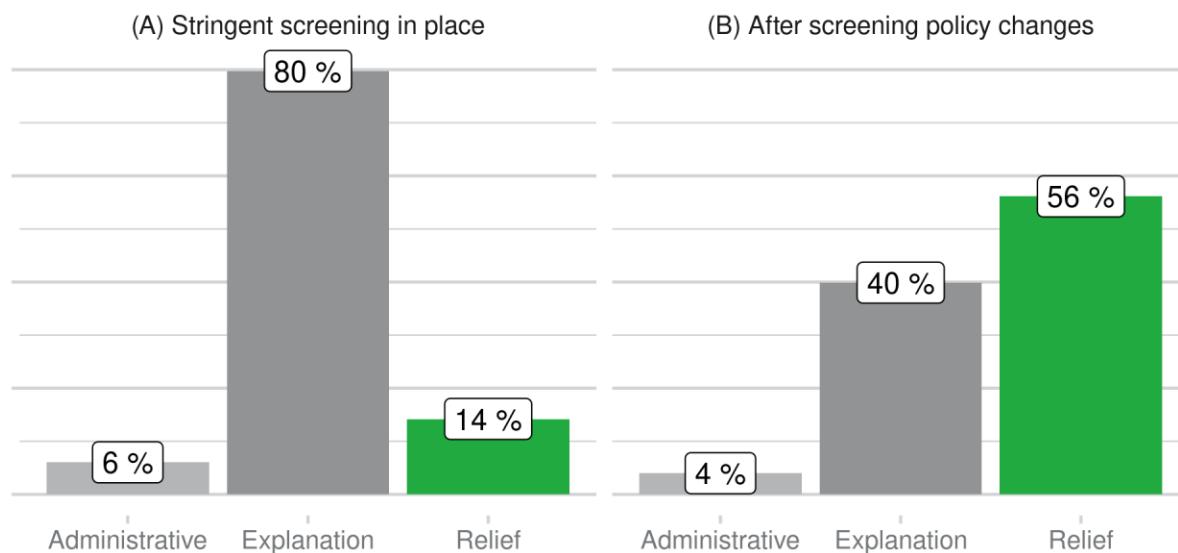
<sup>60</sup> *Id.* at 49 ("Figure 9 shows how each of the NCRAAs responded to consumers' complaints from an identifiably unique source. Notably, the NCRAAs arrive at markedly different conclusions. As shown in Figure 9, since March 2020, consumers largely have not received responses that address the issues described in their complaints and, instead, receive template responses. Overall, only a third of these identifiably unique consumers received a tailored complaint response that addressed the issues described in their complaints.").

<sup>61</sup> Although the stringent, rules-based approach was lifted, the NCRAAs appear to continue to screen a large volume of CFPB complaints, returning these complaints using administrative response options. See discussion *supra* Section 1 (Data Sources). The CFPB is analyzing whether the NCRAAs' use of administrative response options is appropriate.

As discussed, the NCRA used stringent third-party screens in 2020 and 2021 to identify purportedly unmeritorious complaints. If the NCRA's third-party screens were effective, the share of complaints that received relief after passing through a stringent screening process should be *greater* than the rate for complaints that did not undergo a stringent screening process.

Complaint outcomes, however, indicate that is not the case. Reported relief rates for the complaints in the before period (subject to a stringent third-party screen) are substantially *lower* than the rates for complaints in the after period (subject to a less stringent screen) (Figure 10). The NCRA reported providing relief in 14% of complaints in the before period, and they reported providing relief in more than 56% of complaints in the after period. These large differences in reported relief rates undermine claims that third-party screens were successful and, instead, suggest that third-party screens eliminated complaints that would have likely resulted in relief. Appendix A discusses this in more detail.

**FIGURE 10: CLOSURE TYPE COMPARISON**



These charts show reported relief rates, and other closure categories, for complaints that made it through the NCRA's screening processes and received a non-templated response. Panel A shows the period during which stringent third-party screening processes were in place. Panel B shows the period after those policies were changed. The data set is further filtered to include only complaints responded to by staff who provided responses in both periods.

## The NCRA's 2020 and 2021 CFPB complaint handling policies harmed consumers

On average, consumers submit more than 1,000 credit or consumer reporting complaints to the CFPB each day.<sup>62</sup> In 2020 and 2021, the NCRA's stringent screening policies deprived many consumers of a response to their complaint. Not responding to consumers' complaints has several consequences for consumers—including, for example, increasing the time consumers spent on trying to resolve their problem. Complaint data show that some consumers submitted additional complaints after being initially screened (not receiving a substantive response to their initial complaints), whereas other consumers may have stopped attempting to correct the problem altogether.<sup>63</sup> Figure 11 shows the relief rates reported by the NCRA for consumers who had been previously screened. Relief rates increased dramatically for previously screened consumers following changes to the NCRA's screening policies. In total, nearly 24,000 previously screened consumers received relief in the period after screens were changed.<sup>64</sup>

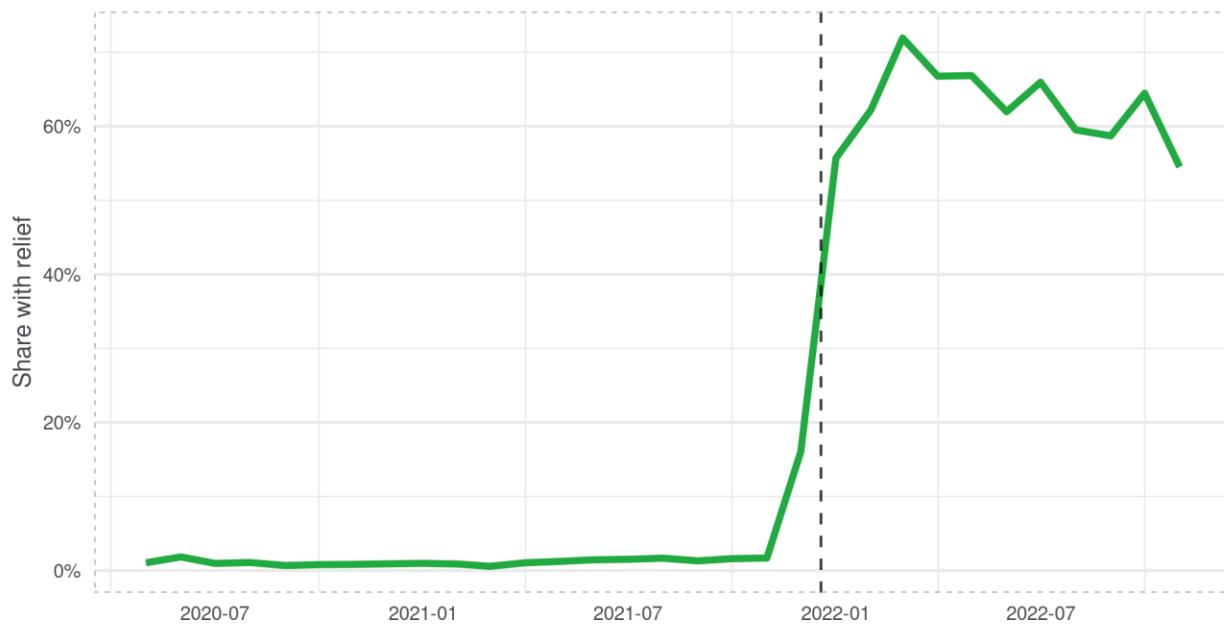
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<sup>62</sup> See, e.g., Darian Dorsey, *Hold credit reporting companies accountable for incorrect reports and shoddy service*, Consumer Fin. Prot. Bureau (Jan. 5, 2022), <https://www.consumerfinance.gov/about-us/blog/hold-credit-reporting-companies-accountable-incorrect-reports-shoddy-service/>.

<sup>63</sup> See, e.g., 2021 CFPB Report, *supra* note 1 at 37 (“Consumers shared that instead of having their issues resolved from the dispute process, they simply gave up. Some consumers, resigned that they had done everything they could, described living with incorrect information on their credit report.”).

<sup>64</sup> Consumers who submitted additional complaints after being screened may have submitted complaints about the same information as an earlier complaint, about different information, or both.

**FIGURE 11: MONTHLY SHARE OF RESPONSES WITH REPORTED RELIEF FOR PREVIOUSLY SCREENED CONSUMERS**



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This chart displays the share of reported relief in the more than 230,000 complaints submitted by consumers that were previously screened. The vertical line is the estimated point at which Experian changed their policy.

As a result of the NCRA's failure to review and substantively respond to consumers' complaints, inaccurate information may have stayed on consumers' reports longer. Consumers can suffer negative consequences when applying for a job or trying to buy or rent a home while they wait for information to be corrected. For example, according to a consumer:

I applied for a rental house. [NCRA] reported back to the company that I had a criminal record in Georgia and the company denied me for the property based on this information. I do not have a criminal record in any state and I have never had one. I went and had a criminal history ran at the police department and has submitted it to them. They state it will take 30 days for the dispute to be completed. I have less than 30 days before I have to move because the owner of this property is moving back into it. I have [a child] and this has been very stressful not knowing where we will go. I cannot keep applying to other companies without this

correction being made, for fear that I will continue wasting application fee and being denied.<sup>65</sup>

## 4.2 Complaint resolutions and data accuracy

To ensure fair and accurate credit reporting, the FCRA imposes various requirements on NCRAAs and data furnishers.<sup>66</sup> Reasonable complaint and dispute investigations are vital to promoting accurate reports.<sup>67</sup> Complaints submitted to the CFPB—specifically, covered complaints under FCRA Section 611(e)—provide a channel for consumers to have their problems addressed.<sup>68</sup> Complaints and disputes provide important information to NCRAAs about the quality of data furnishers, a longstanding priority of the CFPB’s supervisory work.<sup>69</sup> Complaints and disputes also provide the CFPB with important information about challenges in the credit reporting market generally. In the 2021 CFPB Report, the CFPB noted several problems reported by consumers:

- Consumers being frustrated by a dispute process that has not worked for them
- Consumers feeling stressed when their attempts to correct inaccurate information go unanswered
- Consumers spending time and money attempting to resolve their issues
- Consumers discovering that debt they were unaware of appears on their credit reports

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<sup>65</sup> Consumer Complaint 6306717, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/6306717>.

<sup>66</sup> 15 USC 1681 *et seq.*

<sup>67</sup> See, e.g., 2021 CFPB Report, *supra* note 1 at 13 (“Consumers also play a vital role in promoting accurate reports. By disputing inaccurate information ... consumers provide information that can be used by CRAs to evaluate whether furnishers and other data sources provide reliable, verifiable information.”).

<sup>68</sup> *Id.* at 40 (“The 611(e) process provides an opportunity for consumers to escalate, through a complaint to the CFPB, previously filed disputes about incomplete or inaccurate information on their reports such that a NCRA must review the complaint to ensure that its legal obligations have been met.”) (citations omitted).

<sup>69</sup> See, e.g., Consumer Fin. Prot. Bureau, *Supervisory Highlights: Issue 24, Summer 2021* (Jun. 2021), [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) (discussing how the CFPB directed CRAs to revise their accuracy procedures to identify and take corrective action regarding data from furnishers whose dispute response behavior indicates the furnisher is not a source of reliable, verifiable information about consumers).

- Identity theft victims experiencing difficulties in reaching a resolution and having to traverse a lengthy back-and-forth process
- Consumers being caught between furnishers and the NCRA
- Consumers giving up rather than having their issues resolved<sup>70</sup>

Based on consumers' complaints to the CFPB, these problems remain.

With more complete complaint response information being provided by the NCRA to the CFPB and consumers, the CFPB is able to glean more information about the accuracy of information on consumers' reports and their success in having their problems addressed. For example:

**Consumers who report the same problem to the three NCRA sometimes receive three different outcomes.** When submitting complaints, consumers identify the company or companies about which they are complaining. In credit or consumer reporting, consumers can use one submission process to submit complaints about up to four companies. The Bureau sends one complaint to each company the consumer identifies.<sup>71</sup> When consumers raise the same problem to all three NCRA, the CFPB is able to compare the outcomes across the NCRA. Sometimes these outcomes differ dramatically. For example, according to one consumer who reported that their identity was stolen:

I am a victim of identity theft fraud. A non-close family member used my information to open up credit accounts when I was younger. Upon checking my credit reports this year, I come to find out that those open accounts were charged off and never paid by the thief. These accounts are now hurting my credit score and hurting me financially to start up my future. The following accounts were the ones affected by identity theft. [A list of seven accounts.] All of these accounts were not open by me and are still on my report. I have attached the FTC identity theft report.<sup>72</sup>

In response to this complaint, TransUnion reported that it had verified one account, updated two accounts, and deleted the remaining accounts. Experian reported that it had deleted one

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<sup>70</sup> 2021 CFPB Report, *supra* note 1 at pp. 34-38.

<sup>71</sup> Consumer Fin. Prot. Bureau, Consumer Response Annual Report (Mar. 2021), [https://files.consumerfinance.gov/f/documents/cfpb\\_2020-consumer-response-annual-report\\_03-2021.pdf](https://files.consumerfinance.gov/f/documents/cfpb_2020-consumer-response-annual-report_03-2021.pdf)

<sup>72</sup> Consumer Complaint 5504387, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/5504387>; Consumer Complaint 5504637, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/5504637>; and Consumer Complaint 5504635, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/5504635>.

account (or the account did not appear) and confirmed as accurate the remaining accounts with the data furnishers. Equifax reported that it initiated an investigation with the furnishers.

**Consumers who request that the NCRAAs correct information on their report sometimes have the wrong information changed.** In their complaints, consumers typically request for specific information to be changed. In 2022, the NCRAAs reported making many changes to consumers' credit reports; however, complaint outcomes reveal that the changes were not necessarily the corrections that consumers were seeking. For example, according to a consumer:

I was included in 2 company breaches that I'm aware of at this time. I have contacted [NCRAAs] by mail and called. Information has been placed on my credit report. Inaccurate addresses that are not mine. I have no accounts with these addresses. I have contacted one of the companies that placed a collection account on my report that was removed, however they refuse to remove the addresses that are not my current address. I have sent proof of my current address with a copy of my id and current utility bill. Please help I just want my current address updated as I am trying to clean up my credit report with current and accurate information.<sup>73</sup>

In response to this complaint, Equifax reported updating the address on the consumer's report. But according to the consumer, Equifax removed the correct address and kept the wrong address.

These complaints begin to illustrate the mismatch between consumers' attempts to have information corrected and the accuracy of information that remains on consumers' reports following actions by the NCRAAs. The CFPB's analysis of complaint responses, including the relief provided to consumers, is ongoing and will be used to inform the CFPB's credit reporting work.

## 4.3 Policy considerations

The challenges facing market participants and policymakers—in ensuring that the credit reporting system is fair, impartial, and respects consumers' right to privacy—are many.<sup>74</sup> Consumer complaints transmitted to the NCRAAs by the CFPB are one part of the credit

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<sup>73</sup> Consumer Complaint 5773446, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/5773446>.

<sup>74</sup> See generally 15 U.S.C. § 1681(a)(4).

reporting ecosystem; yet, as discussed in the 2021 CFPB Report and now this report, there are many problems within even this narrow area.

Consumer reporting issues are complicated, in part, because of the structure of the system: consumers do not choose to participate; they cannot vote with their feet if service is poor; market participants do not have ordinary competitive pressures; and actions by those participants—be it reporting inaccurate information or losing control of data (data breaches)—can have enduring consequences on consumers’ ability to obtain credit, secure housing, or land a job.<sup>75</sup>

The CFPB’s complaint process is the primary method by which the CFPB hears from consumers. This process is designed to facilitate an interaction between companies and consumers, and also to ensure that consumer voices help prioritize agency action by identifying problems in the marketplace.<sup>76</sup> With the latter goal in mind, the CFPB concludes this report with considerations for market participants and policymakers.

### **Market participants should assess whether their efforts to automate processes shifts burden to consumers**

This report discussed how the NCRA used automated decision-making processes to determine whether to respond to complaints. Automated processes can improve consumers’ experience and reduce burden for both companies and consumers (e.g., keeping consumers informed throughout a process with routine communications). But some automation can decrease burden for companies at the expense of increasing burden to consumers who attempt to invoke substantive rights. According to one consumer:

Credit bureau is sending pre-typed letter that is not relevant to my issue. They also sent two letters to an unknown person further proving the responses are automated. I keep receiving the same response for every complaint I submit.<sup>77</sup>

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<sup>75</sup> See, e.g., Majority Staff of H.R. Comm. On Oversight and Government Reform, 115<sup>th</sup> Cong., The Equifax Data Breach 18 (Comm. Print 2018), <https://republicans-oversight.house.gov/wp-content/uploads/2018/12/Equifax-Report.pdf> (“Individual consumers do not voluntarily provide data to CRAs. ... An individual does not have the opportunity to “opt out” of this process.”). See also Automated Injustice Redux *supra* note 50 at 4 (“Unlike most industries, consumers cannot vote with our feet ...”).

<sup>76</sup> See, e.g., Darian Dorsey, *Your voices help drive our work*, Consumer Fin. Prot. Bureau (Oct. 31, 2022), <https://www.consumerfinance.gov/about-us/blog/your-voices-help-drive-our-work/>.

<sup>77</sup> Consumer complaint 6000846, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/6000846>.

Another consumer reported:

I have submitted many complaints to all credit Bureau to remove the following UNKNOWN/FRAUD inquiries with ZERO support and ASSISTANCE. They keep responding with the same automated response. These inquiries are HURTING my financial situation and must be deleted from all 3 Bureaus ...<sup>78</sup>

Another consumer described receiving a response in hours—likely made possible by automation—but their problem remained unresolved:

I have been disputing this information for years that certain accounts do not belong to me. The credit reporting agencies and the collection agencies seem to verify the information within hours! This was originally reported as Identity Theft back in 2017, the person involved went to prison over this. Yet, the accounts still sit on all of my reports. I have since filed an updated report with the FTC.

I have written to all three credit reporting agencies, provided documentation beyond the necessary limits and yet they never remove the information, nor do they acknowledge that they received anything from me. I have tried to upload documents through their dispute process but the system is always "unavailable" and just won't upload even the smallest PDF.<sup>79</sup>

When companies consider introducing automated mechanisms into processes that affect consumers, particularly those that relate to a legal right, they should consider what burden they are creating, if any, for consumers. One of those burdens is undue demands on consumers' time. The CFPB has often heard from consumers about time spent trying to fix errors. According to a consumer:

I've been trying to fix my credit report from [NCRA] but the representatives are being rude and condescending. They didn't want to help even when I have my credit report on hand. They are reporting incorrect data which is affecting my score. They are also not reporting certain credit card accounts. Even the manager was rude. They wasted my time and it's not fair how they are treating consumers when

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<sup>78</sup> Consumer Complaint 5422911, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/5422911>.

<sup>79</sup> Consumer complaint 5735202, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/5735202>.

their reporting is deliberately affecting my personal life. It's not fair that they don't want to fix mistake they are making.<sup>80</sup>

Another consumer reported:

Filed two disputes with credit bureaus reference, [company] account that is negatively affecting my credit. I have never had any medical procedures, nor the company has any valid information attaching me to this fraudulent account. Upon initial dispute confirmed the address was not mine (ID verifying my identity and address uploaded), they ... do not have my social security number, and any other identifying information attaching me to this account. Contacted the reporting company and they have no interest in assisting me in this matter.<sup>81</sup>

The CFPB has noted concerns about the introduction of burdens when consumers choose to exercise their rights. For example, the CFPB has noted that NCRAAs, other CRAs, and furnishers have sought to evade the obligation to investigate disputes by requiring consumers to submit particular items of information or documentation with a dispute before the entity will conduct its investigation of the dispute.<sup>82</sup> Though such requirements may decrease burden on companies—be it by obtaining information in a unified format or discouraging consumers from disputing—it ultimately increases burden on consumers. The CFPB has made clear that companies are liable when they fail to investigate any dispute that meets the statutory and regulatory requirements.<sup>83</sup> But there is work to be done to ensure that consumers can invoke substantive rights, especially given technological advances that can greatly facilitate or hinder that use.

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<sup>80</sup> Consumer complaint 5770854, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/5770854>. See also 2021 CFPB Report, *supra* note 1 at 35 (“Consumers shared that they spent time and money attempting to resolve their issues. Consumers often describe the amount of time it takes them to correct inaccurate information. Consumers also sometimes report money spent on having documents notarized and sending documents by registered mail.”).

<sup>81</sup> Consumer Complaint 5761663, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/5761663>.

<sup>82</sup> See, e.g., Consumer Financial Protection Bureau, *Supervisory Highlights (Spring 2014)* at 10, [https://files.consumerfinance.gov/f/201405\\_cfpb\\_supervisory-highlights-spring-2014.pdf](https://files.consumerfinance.gov/f/201405_cfpb_supervisory-highlights-spring-2014.pdf) (CRAs requiring a consumer to provide a recent copy of the consumer’s report or file disclosure before investigating disputes despite the consumer providing sufficient information to investigate the disputed information); Complaint at 15, *CFPB v. Fair Collections & Outsourcing, Inc.*, D. Md. No. 19-Civ-2817 (Filed Sep. 25, 2019) (furnishers requiring a consumer to provide additional specific documents even though the consumer has already provided the supporting documentation or other information reasonably required to substantiate the basis of a direct dispute).

<sup>83</sup> Consumer Fin. Prot. Bureau, *Consumer Financial Protection Circular 2022-07: Reasonable investigation of consumer reporting disputes* (Nov. 10, 2022), [https://files.consumerfinance.gov/f/documents/cfpb\\_reasonable-investigation-of-consumer-reporting-disputes\\_circular-2022-07.pdf](https://files.consumerfinance.gov/f/documents/cfpb_reasonable-investigation-of-consumer-reporting-disputes_circular-2022-07.pdf).

## Market participants should consider how current processes will need to evolve in light of new technologies

The use of technology, such as automation, is not exclusive to companies. Consumers will also increasingly use technology to eliminate or reduce the time spent on burdensome tasks. To the extent that market participants have optimized systems based on a certain view of human behavior, as new technology emerges, they will need to reevaluate their systems to ensure that consumers are afforded their rights provided by the law.

For example, take third-party screens that blocked complaints because of their similarity to other complaint narratives. The NCRA assert that text similarity is an indicator of third-party activity.<sup>84</sup> But it is becoming increasingly difficult to discern whether a human or a machine is the author of a text. Figure 12 illustrates a sample letter written by ChatGPT, a computer program designed to generate human-like text.<sup>85</sup> While different prompts generate unique texts, many share phrases and sentences in common and might trigger the sorts of screens discussed earlier in this report. Despite this, they are produced by the consumer.

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<sup>84</sup> Letter from the Select Subcomm. on the Coronavirus Crisis, *supra* note 42 at 4 (“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. 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. 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.”) (citations omitted).

<sup>85</sup> OpenAI, <https://openai.com/blog/chatgpt/> (last visited Dec. 16, 2022).

**FIGURE 12:** SAMPLE LETTER CORRECTING AN ERROR, GENERATED BY CHATGPT

The screenshot shows a web-based AI chat interface. At the top, the address bar reads "chat.openai.com". Below the header, there's a sidebar with three horizontal lines and a green circular icon containing a white swirl. The main conversation area starts with a user message: "I noticed an error on my TransUnion credit report. There is a new debt collection account that I don't recognize. Can you write a letter for me so this error is corrected? The account number 123456789. Thanks!" followed by a response from ChatGPT: "Sure, here is a sample letter that you can use to dispute the error on your TransUnion credit report:"

Dear TransUnion,

I am writing to dispute an error on my credit report. I recently reviewed my credit report and noticed a new debt collection account listed under my name with the account number 123456789. I do not recognize this account and I believe it is incorrect.

Please investigate this matter and remove this account from my credit report as soon as possible. I have included a copy of my credit report for your reference.

Thank you for your attention to this matter.

Sincerely,  
[Your Name]

Please keep in mind that this is just a sample letter and you may need to customize it based on your specific situation. You should also include any relevant supporting documents or information that can help prove that the account is incorrect.

At the bottom of the interface, there are several buttons: a "Try again" button with a circular arrow icon, a large empty input field, and a right-pointing arrow icon. A small note at the bottom states: "Free Research Preview: ChatGPT is optimized for dialogue. Our goal is to make AI systems more natural to interact with, and your feedback will help us improve our systems and make them safer."

## Policymakers and market participants should consider how best to give consumers control over their data—transitioning the market from surveillance to participation

The credit reporting system began in the 1800s to support merchant lenders who extended credit to local businesses and individuals.<sup>86</sup> Today, the credit reporting system extends well beyond credit, touching employment, rental screening, housing, and insurance cost and coverage, for example.<sup>87</sup> The NCRAAs largely profit from sales to businesses.<sup>88</sup>

Consumer complaints are one indicator as to whether markets are serving consumers. Complaints about credit reporting suggest that the system increasingly is not. The number of CFPB complaints has increased over the past several years. The number of disputes also appears to be increasing.<sup>89</sup> Consumers' complaints to the CFPB raise several questions about the current credit reporting system, which some consumers describe as a system built on surveillance.

According to one consumer:

[NCRA] is a dishonest company that sells online services that don't work, has an unhelpful staff, and provides incorrect financial data. They have been damaging my credit and reputation by posting false financial information and unverified accounts on my profile since 2019. ... [NCRA] has caused extreme harm because of its faulty financial surveillance business model. Inaccurate payment history information prevents me from obtaining the credit that I'm trying to apply for because it's lowering my credit score.<sup>90</sup>

Consumers report that events beyond their control create circumstances that threaten their future financial lives because information related to these events will follow them for years. Examples include becoming ill and having a medical bill reported on a credit report or experiencing a disruption of income because of a pandemic.<sup>91</sup> According to a consumer:

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<sup>86</sup> See, e.g., Consumer Fin. Prot. Bureau, *supra* note 4 at 7.

<sup>87</sup> See, e.g., @MaxwellFrostFL, Twitter (Dec. 8, 2022, 11:29 AM), <https://twitter.com/MaxwellFrostFL/status/1600890367586406400> (“Just applied to an apartment in DC where I told the guy that my credit was really bad. He said I'd be fine. Got denied, lost the apartment, and the application fee. This ain't meant for people who don't already have money.”).

<sup>88</sup> See, e.g., Michelle Black & Dia Adams, *What You Need To Know About The Three Main Credit Bureaus*, Forbes (Jan. 15, 2021), <https://www.forbes.com/advisor/credit-score/3-credit-bureaus/>.

<sup>89</sup> Letter from the Select Subcomm. on the Coronavirus Crisis, *supra* note 42 at Table 1.

<sup>90</sup> Consumer Complaint 5519783, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/5519783>

<sup>91</sup> See, e.g., Consumer Fin. Prot. Bureau, *supra* note 9 (analyzing complaints about medical billing).

Medical bill for \$829 from 2014 was sold and added to credit report in March 2022. This decreased my credit score the score by 62 points. ... Why was this bill over 8 years old added to my credit report and significantly decreased the score?<sup>92</sup>

Another consumer told the CFPB:

I lost my job during Covid 19 March of 2020, [Company] had me on a forbearance during this time unaware with no notice they started reporting my account late. I called emailed disputed information being unfair an inaccurate I have not heard back from them I have restructured my loan and I'm current however these late payments are keeping me from obtaining credit this is not right!<sup>93</sup>

Consumers question why information provided by furnishers, such as debt collectors, is more trustworthy than information they can provide about their lives—and can be used to coerce the collection of a debt they say they do not owe. According to a consumer:

I made a phone call to [NCRA] in regards to a dispute that states that accounts are accurate and will remain on my credit report. The associate that I spoke to ... stated that within their investigation reached out to the creditor (debt collector) and they informed [NCRA] that my social security number, my phone number, name and address belongs to me and that the account and debt is mine. So, in end result [NCRA] used that as a method to determine that account is verified and accurate. I explained that the debt does not belong me ... All she said was I am sorry. ... The supervisor ... said then they would end the dispute and mark the information as verified on behalf of the bank. [NCRA] does not care about the consumers and they break the federal law all the time.<sup>94</sup>

Consumers question why they need to pay to access and monitor a report and score that relies on their data. Consumers often report not understanding or not getting clear answers as to why their scores changed. According to a consumer:

I am denied every time I ask for a loan or credit card increase. I received a few letters that explained why and yesterday, I received one that mentioned "key

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<sup>92</sup> Consumer Complaint 5348084, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/5348084>.

<sup>93</sup> Consumer Complaint 5069784, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/5069784>.

<sup>94</sup> Consumer Complaint 5200430, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/5200430>.

factors that adversely affected your credit score." - SSN LIKELY INVALID - LACK OF HISTORY AT THIS ADDRESS - LACK OF HISTORY AT THIS PHONE - INQUIRIES DID ADVERSELY IMPACT SCORE ... Today I received another one that gave me a credit score of 460 ... This is impossible and shocking. I called each reporting agency, and nobody could help me, as always. When the subject of the call is about your three-digit score number, we always receive the same answer from all credit bureaus; "I don't know why sir, because it's an algorithm, so we do not have a control over your credit score" or "I have no access to your credit score, you need to pay \$9.95 to have it."<sup>95</sup>

Consumers question how they will get ahead in their financial lives. According to a consumer:

For the last two to three years, I've been noticing my credit score go down even after paying off loans and some debt now. ... I'm not going to be able to get anything and I'm not doing nothing wrong but paying my bills on time as agreed with the company that I signed for and have the debt with as I see my credit went from very very good to good what's now put me on a c-level. ... I'm getting ready to pay off my final vehicle loan and once again they will take points just to keep me from getting ahead in life and it seems to me it's just a waste of time having credit in the first place. If they are going to take it away after your hard-earned work that you put in to keep a good credit score, what's the use of having credit in the first place? These credit reporting agencies need to know it's called move forward not backwards and the way things look these credit reporting agencies are sending me backwards and that's not good.<sup>96</sup>

There are alternatives to the current system. Some economies, for example, are moving towards open banking rules that put consumers in control of their data.<sup>97</sup> Consumer finance experts in the U.S. are encouraging the exploration of these systems that put consumers in control.<sup>98</sup>

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<sup>95</sup> Consumer Complaint 5743157, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/5743157>.

<sup>96</sup> Consumer Complaint 6102165, <https://www.consumerfinance.gov/data-research/consumer-complaints/search/detail/6102165>.

<sup>97</sup> See, e.g., Rachel J. Nam, *Open Banking and Customer Data Sharing: Implications for Fintech Borrowers* (Nov. 29, 2022), <http://dx.doi.org/10.2139/ssrn.4278803>. See generally World Bank, *International Committee on Credit Reporting*, <https://www.worldbank.org/en/topic/financialsector/brief/international-committee-on-credit-reporting> (last visited Dec. 16, 2022).

<sup>98</sup> See, e.g., Kelly Thompson Cochran, Michael Stegman, & Colin Foos, *Overview: Consumer-Permissioned Channels for UTR Data*, Urban Inst. and FinRegLab (Mar. 2022), <https://www.urban.org/sites/default/files/2022-q3/consumer-permissioned-channels-for-utr-data.pdf>.

Others are calling for more federal involvement.<sup>99</sup> Competitive pressures from startups using alternative data is challenging the status quo.<sup>100</sup> Some financial firms are considering ways of lending without credit scores.<sup>101</sup> This shifting landscape and alternatives point towards a world where consumers have more control over their data. Policymakers and market participants can shape the future of collecting, using, and sharing consumers' data in a manner that navigates successfully from surveillance to participation.

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<sup>99</sup> See, e.g., Amy Traub, *Establish a Public Credit Registry*, DEMOS (Apr. 3, 2019), <https://www.demos.org/policy-briefs/establish-public-credit-registry>.

<sup>100</sup> See, e.g., Andrea Vittorio, *Startups Take on Equifax, Experian Over Payroll Data Dominance*, Bloomberg Law (Dec. 15, 2022), <https://news.bloomberglaw.com/privacy-and-data-security/startups-take-on-equifax-experian-over-payroll-data-dominance>.

<sup>101</sup> See, e.g., David Benoit, *Citigroup Joins Industry Effort to Lend to People Without Credit Scores*, Wall Street Journal (Sept. 3, 2022), <https://www.wsj.com/articles/citigroup-joins-industry-effort-to-lend-to-people-without-credit-scores-11662174186>.

## APPENDIX A: COMPLAINT ANALYSIS

This Appendix contains a more detailed and technical expansion of the analysis provided in Section 4.1.

### Identifying time periods

Section 4.1 depends on identifying the timing of changes in how NCRAAs responded to complaints. In order to identify this period in a consistent manner, we used a change-point detection algorithm, which detects changes in the mean level of a time series.<sup>102</sup> The algorithm identifies the most likely point in a times series when a change occurred and provides an interval of likely times. Figure 13 shows the complaint time-series for each of the NCRAAs. The figure includes vertical lines at the midpoint estimate and dotted lines displaying 90% confidence intervals for when the changes in use of the third-party screens likely occurred. This algorithm estimates that changes at TransUnion and Experian occurred the first week of January 2022 and the last week of December 2021, respectively. It estimates that changes at Equifax occurred almost four months later in the last week of April 2022.

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<sup>102</sup> See Achim Zeileis et. al, *Testing and dating of structural changes in practice*, Computational Statistics & Data Analysis (2003), [https://doi.org/10.1016/S0167-9473\(03\)00030-6](https://doi.org/10.1016/S0167-9473(03)00030-6).

**FIGURE 13:** WEEKLY COUNT OF NON-TEMPLATED RESPONSES FOR THE NCRAS



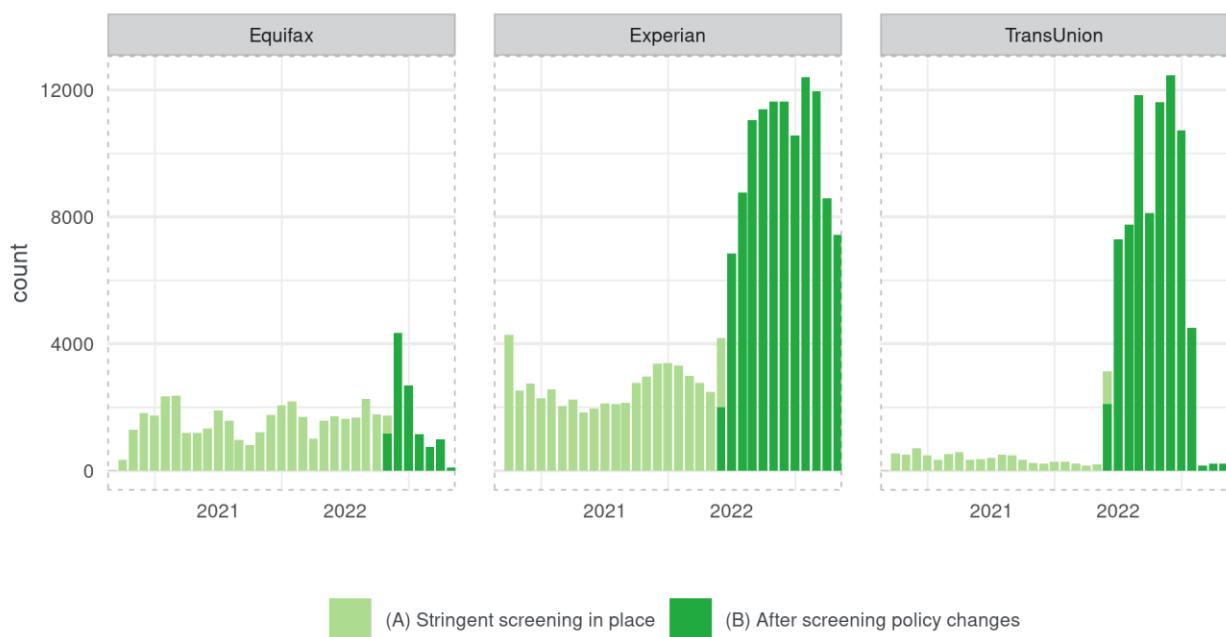
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Vertical lines provide lower (5%), middle, and upper (95%) estimates for change-points in the means of this time series. Estimated ranges for all three companies are small. Equifax has the largest range for its estimate, but the range of likely estimates spans less than one month.

## Company-level analysis

As discussed in Section 4.1, this next analysis looks across the periods identified in Figure 13 and compares the two subsets of complaints in which relief was possible. In particular, the CFPB compares (A) complaints that received a non-templated response during the before period with (Stringent screening in place), and (B) complaints that received a non-templated response in the after period (After screening policy changes). The before period is highlighted in light green, and the after period is highlighted in darker green in Figure 14.

**FIGURE 14:** NON-TEMPLATED COMPLAINT RESPONSE TYPES DURING DIFFERENT SCREENING REGIMES



This figure shows the count of complaints that received a non-templated response. Responses are limited to responses from NCRA staff who provided responses in both periods.

As above, we limit this analysis to NCRA staff who provided responses in both time periods to minimize differences that may stem from employee training, judgment, etc.<sup>103</sup> Rather than showing average changes as in Figure 10, we depict each staff member. This added analysis will establish that Section 4.1's conclusions are broadly consistent across companies, but with some important caveats for Equifax because it did not correctly categorize relief (as explained in Section 3.3). Equifax largely dropped out of the analysis in Section 4.1 because it reported minimal relief in either period. Changes in Equifax's staff and the later period at which they adjusted their processes also limited the number of complaints in the after period. Here, in attempt to construct a similar analytical framework, we've used a text search for keywords to identify changes to reports.<sup>104</sup> For all three NCRAAs we also ran our analysis across the range of periods identified using our changepoint detection algorithm.

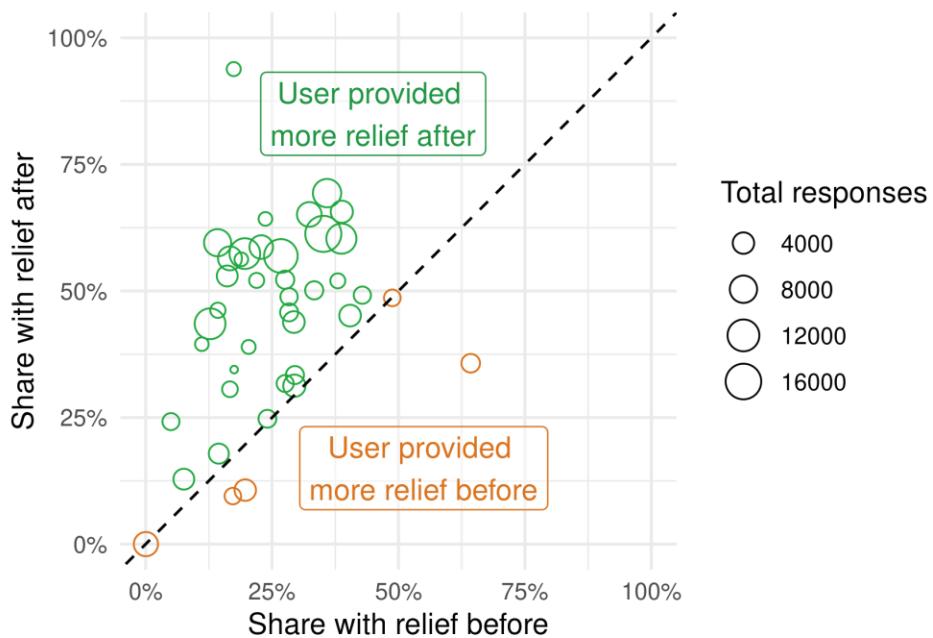
<sup>103</sup> The CFPB identifies staff by looking at the user accounts on the CFPB's Company Portal, which companies use to respond to complaints.

<sup>104</sup> See discussion *supra* Section 3.3.

## EXPERIAN

The sample of data for Experian includes more than 56,000 complaints in the before period and more than 113,000 complaints in the after period. Figure 15 shows the reported relief rate for each staff member in the before and after periods, with the before period along the X-axis (horizontal axis) and the after period along the Y-axis (vertical axis). This chart indicates that there are substantial differences in the rates of reported relief with the after period having a 22% greater share of complaints with reported relief than the before period. While this change is not entirely uniform across all staff, relief provided by most staff saw an upward shift (more reported relief) in the share of complaints with relief in the after period. These large differences in reported relief rates undermine claims that third-party screens successfully eliminated unmeritorious complaints. The difference in reported relief rates is not very sensitive to changes in the period estimated to define the change in policy, between the low, mid, and upper estimates identified in Figure 13 above. Estimated differences in the rate of reported relief between periods vary by less than half a percent.

**FIGURE 15:** REPORTED RELIEF BEFORE AND AFTER CHANGES BY EXPERIAN STAFF MEMBERS



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The circles are staff of Experian sized by the number of non-templated responses they provided during the review period. This chart is limited to only complaints that received a non-templated response. For that subset of complaints, it compares the share of complaints that received relief before recent changes (X axis) to the share of relief after recent changes (Y axis). Responders above the 45-degree line reported a greater share of relief in the after period.

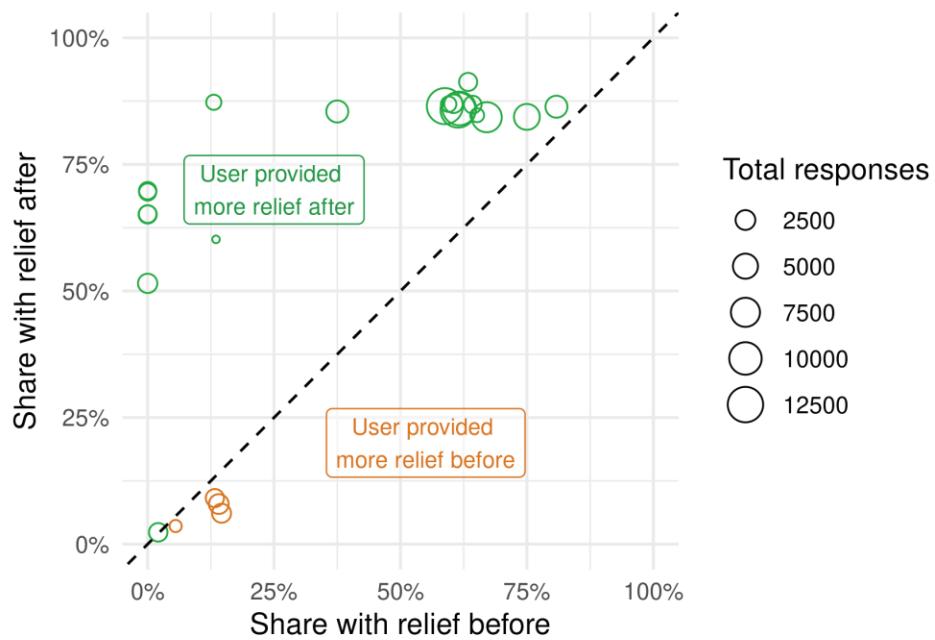
## **TRANSUNION**

TransUnion had a much smaller number of non-templated responses in the before period than Experian (Figure 16). For the same subset of data described above, TransUnion has only 8,800 complaints for the before period compared with 77,000 complaints in the after period. Based on examining user accounts associated with TransUnion and Equifax, including the response patterns of those accounts, it appears that both companies are using forms of automation to provide—or help provide—responses. In both instances, it appears that some form of robotic process automation (RPA) is being used to respond to the CFPB. This kind of automation is often used when moving information between systems.<sup>105</sup> The use of RPA somewhat complicates our interpretation of these results as it likely aggregates the work of multiple employees. Even given this limitation for TransUnion, the magnitude of the difference between reported relief rates in the before and after period was substantial. The share of reported relief increased by almost 60 percentage points between the before and after period—from just under 19% of complaints receiving relief in the before period to just under 80% in the after period. The difference in reported relief rates is not very sensitive to changes in the period estimated to define the change in policy, between the low, mid, and upper estimates identified in Figure 13. For the earliest change point identified, the difference in the share of reported relief is 62%, for the last changepoint the difference is only 54%. For every period the estimated difference in reported relief rates between periods is substantial.

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<sup>105</sup> See, e.g., Ma-Keba Frye, *supra* note 51.

**FIGURE 16:** REPORTED RELIEF BEFORE AND AFTER CHANGES BY TRANSUNION STAFF MEMBERS



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The circles are staff of TransUnion sized by the number of non-templated responses they provided during the review period. This chart is limited to only complaints that received a non-templated response. For that subset of complaints, it compares the share of complaints that received relief before recent changes (X axis) to the share of relief after recent changes (Y axis). Responders above the 45-degree line reported a greater share of relief in the after period.

## EQUIFAX

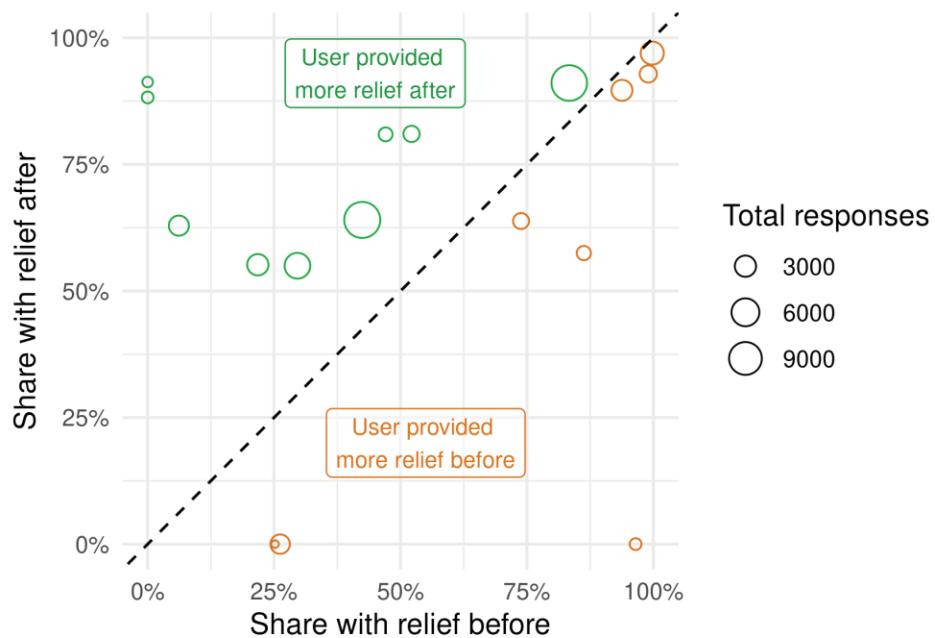
Equifax provided about 40,000 non-templated responses in the before period and nearly 12,000 in the after period. Because Equifax still has not begun consistently reporting relief to the CFPB, there is no direct comparison available between Equifax and the other NCRAs. Rather than this direct comparison, we adopt the same approach used in Section 3.3 to identify responses that suggest changes to a consumer's report.

Rather than using closure categories, Figure 17 shows the share of responses with language that indicates a change was made to the consumer's report.<sup>106</sup> The results, though perhaps not as precise, are not out of line with the other two NCRAs. In the before period, around 52% of complaints that received a non-templated response included language suggesting relief, but in the after period nearly 79% of complaints had a response suggesting relief was provided. The difference in these relief rates is not very sensitive to changes in the period estimated to define the change in policy, between the low, mid, and upper estimates identified in Figure 13 above. For the earliest changepoint identified the difference in the share of relief is 28%, for the latest changepoint it is 32%.

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<sup>106</sup> See discussion *supra* Section 3.3 (Equifax's written responses do not support its use of complaint closure categories).

**FIGURE 17: COMPLAINTS WITH RELIEF LANGUAGE BEFORE AND AFTER CHANGES BY EQUIFAX STAFF MEMBERS**




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The circles are staff of Equifax sized by the number of non-templated responses they provided during the review period. This chart is limited to only complaints that received a non-templated response. For that subset of complaints, it compares the share of complaints that received relief before recent changes (X axis) to the share of relief after recent changes (Y axis). Responders above the 45-degree line reported a greater share of relief in the after period. Because Equifax does not correctly categorize relief, we estimate complaints with possible relief using the following search terms: “modify,” “update,” “remove,” “delete,” and variations on “does not appear” and “not on file.”