

Helping youth in foster care start and maintain good credit

Why is it important for youth in foster care to check to see if they have a credit report?

Like many young people, youth transitioning out of foster care are often unfamiliar with the importance of good credit, and in some cases there may already be negative items in their files at the major credit bureaus.

A credit reporting project in California's Los Angeles County found that five percent of foster youth with credit reports had accounts reported in their names due to errors or identity theft. (This report is available at https://oag.ca.gov/sites/all/files/agweb/pdfs/privacy/foster_youth_credit_records.pdf.) These errors included creditor mistakes, mixed identity, incorrect or fraudulent use of a youth's name or Social Security number on delinquent accounts. Sometimes there were more severe instances of identity theft and fraud. These young people face the added vulnerability of having their personal information passed through the hands of many people as they are moved around in the child welfare system.

Young people that have experienced identity theft may have trouble renting an apartment, getting a student loan, a mobile phone contract, or even getting a job because of a negative credit report. Youth who have experienced identity theft often lack the support and tools to correct the credit report on their own.

How do I check a credit report for a youth in foster care? (for caseworkers)

The Child and Family Services Improvement and Innovation Act of 2011 (Public Law No. 112-34) requires all state child welfare agencies to ensure that youth in foster care who are 16 and older receive a free copy of any credit reports annually and get assistance in interpreting and resolving any inaccuracies in the reports.

To comply with this law, child welfare agencies have arrangements with the three nationwide credit bureaus, Experian, Equifax, and TransUnion. Each of the credit bureaus has established an online portal that caseworkers can use to request credit reports for the youth in foster care under the care of their agency. While each credit bureau has a slightly different system, caseworkers can typically request the information on an individual youth or in batches. Batch requests will pull the reports of a large number of foster youth at the same time.

If you are a caseworker for youth in foster care, here are some steps you can take:

1. Find out if your agency already has a contract with any of the credit bureaus and if there is a designated person responsible for pulling reports. Also check to see if each caseworker must go through a training and certification processes to pull reports.
2. Review the process for obtaining the credit reports. Each credit bureau's process is slightly

different and the process may depend on the particular agreement your agency or state has with the bureau.

3. Submit batched or individual requests for the youth's credit reports to each credit bureau. Alternatively, you may have the option to request the reports through a mail-in (manual) process. If your agency doesn't have a contract with the credit bureaus to use the online portal, consider this option.

The credit bureaus will check for credit reports matching the information your agency provided for each youth. Note that some pieces of identifying information are more critical than others. For example, the youth's name and Social Security number are particularly important, while address may be less so, because the youth in foster care may have changed addresses recently.

The credit bureaus may have the ability to run a Social Security number only search. The caseworker or agency must request this report option specifically and not all credit bureaus may offer this. If a credit report is found using the identifying information you provided, you will receive the credit report for that identifying information.

What should I do if there is an error on a credit report or evidence of identity theft for a youth in foster care?

1. Review the credit report with the youth and verify whether he or she recognizes the items on his or her credit report.
2. Check with your own agency for the name and contact information of your designated point of contact at the credit bureau and what the specific dispute process is for that bureau.

3. To dispute an item on a youth's credit report that is incorrect, the credit bureau may require the following documents:

- A cover letter addressed to the credit bureau containing:
 - The personal identification information of the youth
 - A brief summary of the dispute, including an explanation of the error and, if the error pertains to an account in the name of the youth (such as a cell phone), any documentation of the error (such as a bill or receipt that provides evidence of payment)
 - Contact information for the person at the state agency where results should be sent
 - Templates for covers letter can be found via this link: <https://www.consumerfinance.gov/about-us/blog/how-to-protect-vulnerable-children-from-identity-theft/>
- You may also be asked to provide supporting documents, such as:
 - A copy of the court order authorizing the agency to act on behalf of the youth
 - A certified copy of the foster youth's birth certificate
 - An Identity Theft report, available at IdentityTheft.gov

Check with your agency or the bureau to verify which documents are required.

If the error pertains to an account in the name of the youth, it may also be worthwhile to send a letter and all of the above documentation to the company that reported the item (such as the cell phone company) and request that they correct the error and send you a letter stating that the error has been corrected.

4. If you suspect that the youth has been or will be a victim of identity theft—for example, an account or loan has been opened in the youth’s name and/or using other information of the youth—there are steps you can take to protect his or her file.

 - Security freeze: you can request a credit or security freeze, which stops a creditor from getting your credit report until you lift the freeze. Under a new federal law effective September 21, 2018, you can freeze and unfreeze your credit for free at the three nationwide credit reporting companies—Experian, TransUnion, and Equifax—no matter what state you live in. Check with your designated point of contact at the credit bureau for the exact procedure, but you would have to demonstrate you have the legal authority to act on behalf of the young person in care.
 - Fraud alerts: You can request that the credit bureau place an initial fraud alert lasting up to one year in the youth’s file. Fraud alerts require creditors to verify an identity before granting credit, making it harder for a thief to open fraudulent new accounts. You can also request a seven year fraud alert if you submit an identity theft report to demonstrate that an Identity theft has occurred. To create an Identity Theft Report, follow the instructions at consumer.ftc.gov/articles/0277-create-identity-theft-report. The young person does not have to file a police report.
5. Ensure the error has been removed by requesting confirmation from the credit bureau or pulling a new credit report for the youth.

If you are a parent or guardian checking the credit report of your child, please visit <https://www.consumerfinance.gov/consumer-tools/credit-reports-and-scores/>.