

Advocates Applaud CFPB for Enforcement Action against Experian for Deceptive Marketing of Credit Scoring Products

FOR IMMEDIATE RELEASE: MARCH 23, 2017 || Contacts: Chi Chi Wu (cwu(at)nclc.org) or Jan Kruse (jkruse(at)nclc.org); 617.542.8010

(BOSTON) Today, the Consumer Financial Protection Bureau (CFPB) took action against Experian, ordering the company to pay a civil penalty of \$3 million over its sale of credit scoring products. The CFPB alleged that Experian, one of the nation's three major credit reporting agencies, deceived consumers by claiming the credit scores it marketed to consumers were used by lenders, when in fact, the scores were never used to make credit decisions.

"This is the latest step among several that the Consumer Financial Protection Bureau has recently taken to protect consumers from abuse by credit reporting agencies; the CFPB is on a roll," said National Consumer Law Center staff attorney Chi Chi Wu. "American consumers are so much the better off for the Consumer Financial Protection Bureau's efforts to clean up the credit reporting industry."

The CFPB took similar actions against Equifax and TransUnion, the other large credit reporting agencies, for selling scores that were not used or less commonly used by lenders. About 90% of the scores used in credit decisions are FICO scores. Wu noted that many consumers can now get a FICO score for free through the FICO Open Access program from participating credit card companies, other lenders, or nonprofit credit counselors. "While there is no one credit score, a FICO score from the Open Access program is actually a score that is probably being used by lenders," stated Wu.

In the CFPB's monthly reports of the complaints it receives from consumers, Experian, Equifax, and TransUnion are often the top three most complained about companies. The CFPB tries to resolve consumer complaints, and often is able to help. It also uses information from consumers to identify bad practices.

Consumers can file complaints regarding problems with credit reporting companies at: <http://www.consumerfinance.gov/complaint/#credit-reporting>

Additional NCLC Resources:

What You Should Know About Your Credit Report
Understanding Credit Scores
Disputing Errors in a Credit Report

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