

Advocates Applaud CFPB for Enforcement Action against JPMorgan Chase for Deficiencies Related to Reporting to ChexSystems/Early Warning Services

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BOSTON - Today, the Consumer Financial Protection Bureau (CFPB) took action against JPMorgan Chase for alleged violations of the Fair Credit Reporting Act (FCRA) regarding its reporting to ChexSystems and/or Early Warning Services, which are databases used by financial institutions to determine whether or not to allow a consumer to open a bank account. The CFPB ordered JPMorgan Chase to pay a civil penalty of \$4.6 million over these FCRA violations and implement changes to prevent future legal violations.

“This is the latest step among several that the Consumer Financial Protection Bureau has recently taken to protect consumers from violations of the Fair Credit Reporting Act,” said National Consumer Law Center staff attorney Chi Chi Wu. “American consumers are so much better off for the Consumer Financial Protection Bureau’s efforts to ensure that companies follow the important laws that protect consumers’ financial reputations.”

The CFPB alleged that that JPMorgan Chase failed to:

- Establish reasonable policies and procedures for reporting information to ChexSystems and/or Early Warning Services, which posed a risk that the bank could report inaccurate information about consumers’ checking account history.
- When consumers sent disputes over what they believe to be inaccurate information supplied by Chase on their ChexSystems and/or Early Warning Services reports, Chase failed to inform consumers about the results of investigations into their disputes, as required by the FCRA.
- When denying applications for checking accounts based on reports from ChexSystems and/or Early Warning Services, Chase failed to include information required by the FCRA in their notices to consumers, i.e., the name and contact information of the company that supplied the information used to deny the application.

The National Consumer Law Center and Cities for Financial Empowerment noted problems with ChexSystems and Early Warning Services in a 2014 policy brief and a 2015 report on how banks’ use of account screening impedes access to conventional banking services for millions of consumers.

Consumers can file complaints with the CFPB regarding problems with consumer reporting companies at: <https://www.consumerfinance.gov/ask-cfpb/category-credit-reporting/>

Additional Resources:

Report: Account Screening Consumer Reporting Agencies Impede Access for Millions (Cities for Financial Empowerment Fund, NCLC and Bank On), October 2015

Policy Brief: Introduction to Account Screening Consumer Reporting Agencies, (Cities for Financial

Empowerment and NCLC) October 2014

NCLC's body of work on credit reporting and consumer protections.

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