

Class Actions Matter: Consumers Mislabeled as Terrorists Join in \$60 Million Verdict against TransUnion for Violating Key Consumer Protection Law

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(BOSTON) A record-breaking verdict awarded yesterday by a California jury against the TransUnion credit reporting agency demonstrates the importance of class actions and of strong consumer protection laws, according to advocates at the National Consumer Law Center. The jury awarded a nationwide class of over 8,000 consumers nearly \$60 million in statutory and punitive damages. The jury found that TransUnion violated the Fair Credit Reporting Act when it carelessly misidentified the consumers as terrorists and criminals in their credit reports, confusing the consumers with similarly named individuals on a government watch list. The verdict is the largest FCRA verdict to date.

Advocates from National Consumer Law Center noted that the case demonstrates the importance of class actions and the civil justice system, including consumer protection laws that allow injured consumers to seek relief in court. They noted that Trans Union had defended its poor matching procedures by arguing that consumers weren't financially harmed by the inaccuracies.

"TransUnion falsely tagged innocent consumers as potential terrorists or drug dealers and then decided it was 'no big deal' because the consumers didn't lose any money. But these 8000-plus consumers had their reputations unfairly maligned," stated National Consumer Law Center attorney Chi Chi Wu. "Class actions and strong consumer protection laws are critical in cases like this because individual consumers don't have the same ability to get the problem fixed without a class action." Wu noted that an individual consumer in Pennsylvania successfully brought a similar lawsuit against TransUnion several years ago, yet apparently TransUnion still did not properly fix the problem after that lawsuit.

According to Law360.com, one witness testified that TransUnion initially declined to implement features that could have reduced false positives, such as cross-checking name matches with other limiting terms, like Social Security number, date of birth, and passport number.

"This case also shows the critical importance of the Consumer Financial Protection Bureau's final rule against forced arbitration clauses in consumer financial contracts, which we hope will be issued soon," said Lauren Saunders, associate director of the National Consumer Law Center. "This case could not have gone forward if consumers were bound by a forced arbitration clause with a class action ban, as TransUnion and numerous other companies have used to block people from their rightful day in court."

The case is Sergio L. Ramirez v TransUnion LLC in the U.S. District Court for the Northern District of California.