

Statement Applauding CFPB for Enforcement Actions against Equifax and TransUnion for Deceptive Marketing of Credit Monitoring Products

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Nearly \$18 million to be refunded to harmed consumers

(BOSTON) Today, the Consumer Financial Protection Bureau (CFPB) took action against Equifax and TransUnion, two of the nation's "Big Three" credit reporting agencies, involving their sale of "credit monitoring" products, which are costly monthly subscriptions for consumers to access credit scores and reports. The CFPB ordered Equifax and TransUnion to refund over \$17.6 million to consumers who were deceived into buying these subscriptions, plus pay fines totaling \$5.5 million.

"We applaud the Consumer Financial Protection Bureau for taking strong and vigorous actions against TransUnion and Equifax to protect the interests of American consumers," said National Consumer Law Center staff attorney Chi Chi Wu. "In addition to obtaining tens of millions of dollars in relief for consumers, this consent order will protect consumers from being ripped off in the future over deceptive credit monitoring products and sales practices."

The CFPB alleged that, from mid-2011 to 2014, Equifax and TransUnion mislead consumers when selling credit monitoring subscriptions by:

- Falsely representing that the credit scores they marketed and provided to consumers were the same scores lenders typically use to make credit decisions. In fact, most lenders use FICO scores, while the scores sold by Equifax and TransUnion were less commonly used scores or even scores never used by lenders.
- Deceiving consumers into enrolling in the costly subscriptions by claiming that products were free or, in the case of TransUnion, cost only "\$1." After a free trial of seven or 30 days, consumers were automatically enrolled in a subscription program - usually \$16 or more per month - unless they proactively cancelled during the trial period. Equifax and TransUnion did not clearly and conspicuously disclose the automatic enrollment to consumers.

For consumers who want access to their credit reports and scores, Wu recommended that they obtain their reports for free at the official source for free annual credit reports: www.annualcreditreport.com. She advised that consumers stagger their requests by ordering one report from each of the Big Three credit reporting agencies (Equifax, Experian, and TransUnion) every four months, essentially obtaining "credit monitoring for free." For free credit 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 or nonprofit credit counselors. "While there is no one credit score, a FICO score from your credit card lender is one that is probably being used by that lender," stated Wu.

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>.

Additional Resources:

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

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