

FCRA Cheat Sheet

What Employers Are Covered?

All employers who order consumer reports from a consumer reporting agency

What Does the FCRA Provide?

The Fair Credit Reporting Act (FCRA) imposes strict rules on an employer's ordering and use of consumer reports for employment purposes

What's a "Consumer Report"?

A report of information relating to an individual's credit, general reputation, criminal history or personal characteristics

What Steps Must Be Taken Before Obtaining a Consumer Report?

- Notify the employee or applicant in writing about your intent to obtain a report
- Obtain the employee's or applicant's written permission prior to requesting the report

What's an "Investigative Consumer Report"?

A report of background information on an individual obtained from personal interviews with friends, neighbors or associates of the individual

What Additional Steps Must Be Taken Before Obtaining an Investigative Consumer Report?

- No later than 3 days after the report is requested, notify the individual in writing that a report may be obtained regarding his or her character and reputation
- Include a statement that s/he may request disclosure from you regarding the nature and scope of the investigation and other FCRA rights
- Certify to the reporting agency that you have sent all required disclosures to the individual

What Steps Are Required Before Taking an Adverse Action Based on a Consumer Report?

- Provide the individual with a copy of the report
- Provide the individual with a copy of the Summary of FCRA Rights available at www.ftc.gov

What Steps Must Be Taken After an Adverse Action Based on a Consumer Report?

Provide written, oral or electronic notice of the adverse action to the individual. The notice must include:

- the name, address and phone number of the consumer reporting agency that provided the report
- a statement that the consumer reporting agency did not make the decision to take the adverse action and will not be able to provide the individual with the specific reasons for the decision
- a statement that the individual has the right to dispute the accuracy or completeness of the information provided
- a statement that the individual can get an additional free consumer report from the consumer reporting agency used by the employer upon a request made within 60 days

What Are the Potential Penalties?

- Actual damages
- Punitive damages
- Attorneys' fees

Top FCRA Tips

- Ensure that you take the steps outlined above before obtaining a report or taking adverse action
- The request for permission should not be included in the employment application