



NATIONAL CREDIT UNION ADMINISTRATION
Washington, D.C. 20456

November 6, 1987

GC/JT:sg
3213

Office of General Counsel

Mr. Paul Deiro
Office of U.S. Senator Pete Wilson
2040 Ferry Building
San Francisco, California 94111

Dear Mr. Deiro:

The Department of Consumer and Regulatory Affairs, Office of Compliance, of the District of Columbia recently forwarded a letter it had received from Senator Wilson regarding a constituent, Robert Cohen. As Mr. Cohen's problem involves a Federal credit union, we are happy to respond. Senator Wilson's letter requested that a response to his inquiry be sent to you.

The attachments to Senator Wilson's letter consist of an exchange of letters between Mr. Cohen and the Corporate America Federal Credit Union (FCU). These letters indicate that Mr. Cohen's application for a share draft account was initially turned down on the basis of a negative credit report. Mr. Cohen's concern is that he had not authorized the FCU to obtain the credit report. He also wants the FCU's inquiry withdrawn from the records of the credit reporting agency.

The Fair Credit Reporting Act, 15 U.S.C. §1681 et seq., regulates the credit reporting industry by placing disclosure obligations on users of credit reports. It further requires the fair, timely, and accurate reporting of credit information.

Pursuant to Section 1681b(3)(E), the FCU could request a consumer (credit) report from a consumer reporting agency to assist in its determination of whether Mr. Cohen should be permitted to open a share draft account. A consumer report is generally defined in the Act as the communication of information by a consumer reporting agency bearing on a consumer's creditworthiness, credit standing, credit capacity, and general reputation, which is used or expected to be used or collected to serve as a factor in establishing the consumer's eligibility for credit, employment, or other purposes specified in Section 1681b. The Fair Credit Reporting Act does not require that the

FOIA III B17 Fair Credit Reporting Act

Mr. Paul Deiro
Page Two

FCU obtain Mr. Cohen's approval in order to request the consumer report.

Mr. Cohen requested that the credit reporting agency remove the FCU's inquiry from its records. The Fair Credit Reporting Act does not require this removal. It does, however, provide numerous protections to consumers with respect to the use of consumer reports. For instance, it limits the permissible use of consumer reports, prohibits the use of obsolete information, provides for disclosure of information in the consumer reporting agency's file to consumers, and provides procedures for a consumer to follow in the case of a dispute with respect to the accuracy of the consumer report.

Mr. Cohen may wish to consult the relevant state law to determine if it provides him with any additional rights. Section 1681t provides that state law is only affected by the Fair Credit Reporting Act to the extent that the state law is inconsistent with the provisions contained in the Act.

We hope this has been of assistance.

Sincerely,



STEVEN R. BISKER
Assistant General Counsel

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