

Congressmen vs. Consumers

By Michelle Meier

The check-bouncing House, which bleated that the House bank's poor record-keeping gave members a black eye, seems ready to connive with bankers to defeat a bill that ends inaccurate credit bureau reports that victimize ordinary Americans.

Representatives Doug Barnard Jr., Democrat of Georgia, and Chalmers Wylie, Republican of Ohio, have sponsored an amendment that would override state consumer protection laws stronger than the House legislation in any way. It would kill the bill.

The House bill, which may reach the floor for a vote within two weeks, requires credit bureaus to give consumers a free copy of a report used to deny them credit. It keeps consumers' employers from looking at a report without consumers' permission. It mandates that bureaus provide 800 telephone numbers for consumers to use to find out about the content of

Michelle Meier is Consumers Union's counsel for government affairs.

their files. It requires that any disputed information not verified be deleted from files within 30 days.

Credit bureaus determine who can buy a house, get a loan, rent an apartment and buy insurance. Reports by the "big three" — TRW, Equifax and Trans Union — are riddled with errors. Stories of consumers trying in vain to get faulty data erased from reports are legion. Such reports can wreak havoc on financial security and personal reputation.

Studies by consumer groups and watchdog Federal agencies underscore the need for stricter credit-reporting laws. Among 161 credit reports reviewed for a 1991 Consumers Union study, nearly 50 percent had at least one inaccuracy and nearly 20 percent had mistakes serious enough to ruin one's creditworthiness.

It is unrealistic to expect bureaus' computers to produce 100 percent accurate information. But consumers should not have to deal with stonewalling credit bureaus to gain access to their own files and get errors corrected promptly, permanently and with minimal red tape and expense.

Some credit bureaus force consumers to pay up to \$20 for each report. A sampling of consumers who complained to the Federal Trade Com-

mission showed they had waited, on average, more than five months for credit bureaus to voluntarily correct their reports, says a 1991 report by the U.S. Public Interest Research Group. The attorneys general of 20 states filed suit in 1991 against TRW. Later, TRW and Equifax entered into an agreement with these officials to overhaul some reporting practices.

Will bankers kill reform of credit reporting?

But Federal law is needed to insure that the entire credit-reporting industry makes reforms and sticks to them. Congress, sensing a no-loss political opportunity, promised to clean up bureau practices. But now it may be backing off. Unless the Barnard-Wylie language is deleted, hope for reform is dead.

Banking industry opposition may doom reform. Banks care about reform because they report loan repay-

ment histories to the credit bureaus. And since a bureau's file is only as good as the data supplied by the banks and other lenders, the bill requires suppliers to clean up their reporting practices. Banks, which resist regulation, worry that faulty reporting practices may result in lawsuits.

In an election year, no member of Congress wants to kill a popular measure, so the banking industry devised a strategy to do so. After getting the House to water down requirements that would affect them, the bankers threatened to get their friends in Congress to defeat the bill unless language was included that lets national law pre-empt state law. Senate sponsors of counterpart legislation have bowed to this threat, too.

Consumer groups oppose this repeal. Vermont and Maryland recently passed laws giving consumers the right to a free annual copy of their credit report from each bureau. Similar legislation is pending in at least six other states. But the House bill contains no such provision. It calls for an \$8 ceiling per report; this would cost a couple a total of \$48 to see their files at the big three bureaus.

The bill, shorn of repeal language, deserves passage. If it dies, consumers will know whom to blame. []