Prepared remarks by
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I'd like to thank CFPB Director Cordray, Deputy Director Date, and Assistant Director for Community Affairs Martinez for the opportunity to address what has become over the years a most critical determinant of the financial health of consumers in Michigan and across the nation – consumer credit reporting.

In the wake of the U.S. Justice Department settlement with Wells Fargo last week that provided further evidence of the discriminatory lending practices that led to the financial crisis, we at CRL are heartened to hear the announcement by Director Cordray that the CFPB intends for its oversight of consumer reporting agencies to result in greater accuracy in credit reporting and for greater accountability by those agencies in the dispute resolution process. Of course, the identification of which reporting agencies to oversee and stating the intent to improve accuracy is just the beginning and I'd like to highlight three (3) things we'd like for the agency to consider as it moves forward

First, the inaccuracies in credit reports represent a significant risk to consumers, to the institutions that lend to them, and to the economy as a whole. Having a reliable way to assess a consumer's willingness and ability to repay is essential for extending safe and affordable credit that allows American families to become homeowners and build wealth. Reports have estimated that somewhere between 3 and 37 percent of credit reports contain errors and the burden to find, dispute and resolve those errors rests squarely on consumers. For the sake of consumers and the economy, these errors must be dramatically reduced and consumer reporting agencies must take responsibility for the reliability of the information in the reports.

Second, the CFPB should protect consumers from the unfair debt collection abuses and predatory lending practices that are facilitated by credit reporting. Some debt buyers and debt collectors routinely misuse their ability to furnish information to credit reporting agencies as a way of coercing consumers to pay debts that are invalid because they don't belong to them, they have been discharged in bankruptcy or they have already repaid. Additionally, some of the most egregious predatory lending practices are targeted primarily or exclusively to people with blemished credit. In the run-up to the housing crisis, it was common for predatory mortgage lenders to seek out African American and Hispanic homeowners with equity in their homes, but blemishes on their credit reports for refinance loans that bled the equity from those homeowners. And the predatory lending is certainly not restricted to mortgages. Earlier this year, CRL released a report about an auto lending abuse called a "yo yo scam" that targets consumers with blemished credit.

Lastly, the CFPB should fully account for the impact of inaccurate information in consumers' credit reports as it evaluates the economic benefit of greater accuracy. It's not just denial of credit and the extension of high cost credit that's at stake, but the ubiquitous use of credit reports can determine where people can live, what jobs they get and keep, and how much they pay for insurance. The level and scope of the oversight should match the large and growing scope of the impact.

In summary, we are encouraged with the CFPB's announcement today about its planned oversight of credit reporting agencies and we call on the CFPB to:

1. Set the expectation that errors in credit reports be rare and dramatically reform the resolution process.
2. Protect consumers from unfair treatment made possible by credit reporting.
3. Fully account for the impact of inaccuracies as it considers remedies.

Thank you.