

## FTC Accuracy Study, December 2012

All consumers who participated in the FTC accuracy study = 100% (pg. 36)

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Consumers who thought there was an error & filed dispute = 24% (pg. 36)

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Consumers who had a change made as a result of dispute = 21% (pg. 36)

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Consumers with a material error to increase the cost of a loan or credit = 5% (pg. 36)

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*88% of all errors are the result of information from lenders/creditors to credit bureaus (appendix D)*

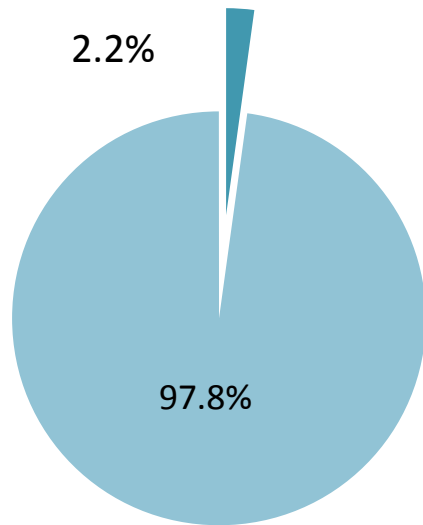
**Credit reports with a material error to increase the cost of a loan or credit = 2.2% (pg. A-4)**

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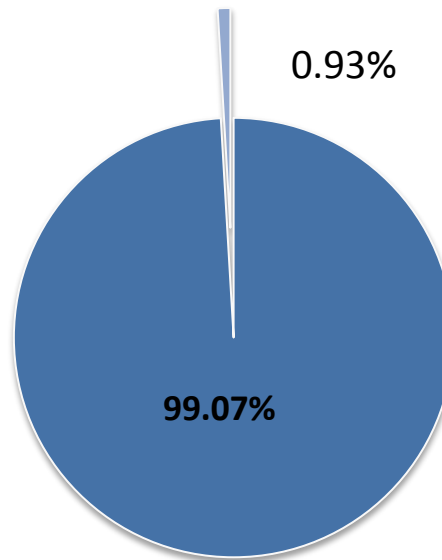
**97.8% of all credit reports are materially accurate**

# Comparison of Accuracy Studies of Credit Reports

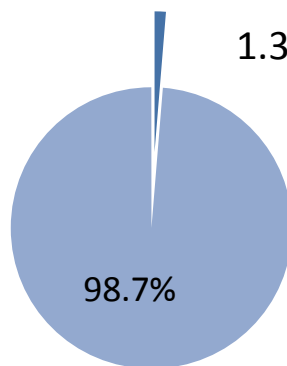


## FTC, Dec. 2012.

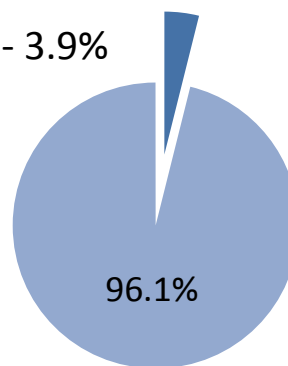
2.2% of all credit reports have a material error that can change the price of credit or a loan. *Report to Congress Under Section 319 of the Fair and Accurate Credit Transactions Act of 2003*, p. A-4, [www.ftc.gov/os/2013/02/13/0211factareport.pdf](http://www.ftc.gov/os/2013/02/13/0211factareport.pdf)



**PERC, May 2011.** Less than 1% of all credit reports examined prompted a dispute that resulted in a correction that increased a credit score 25 points or more. *U.S. Consumer Credit Reports: Measuring Accuracy and Dispute Impacts*, Policy & Economic Research Council, <http://perc.net/files/DQreport.pdf>.

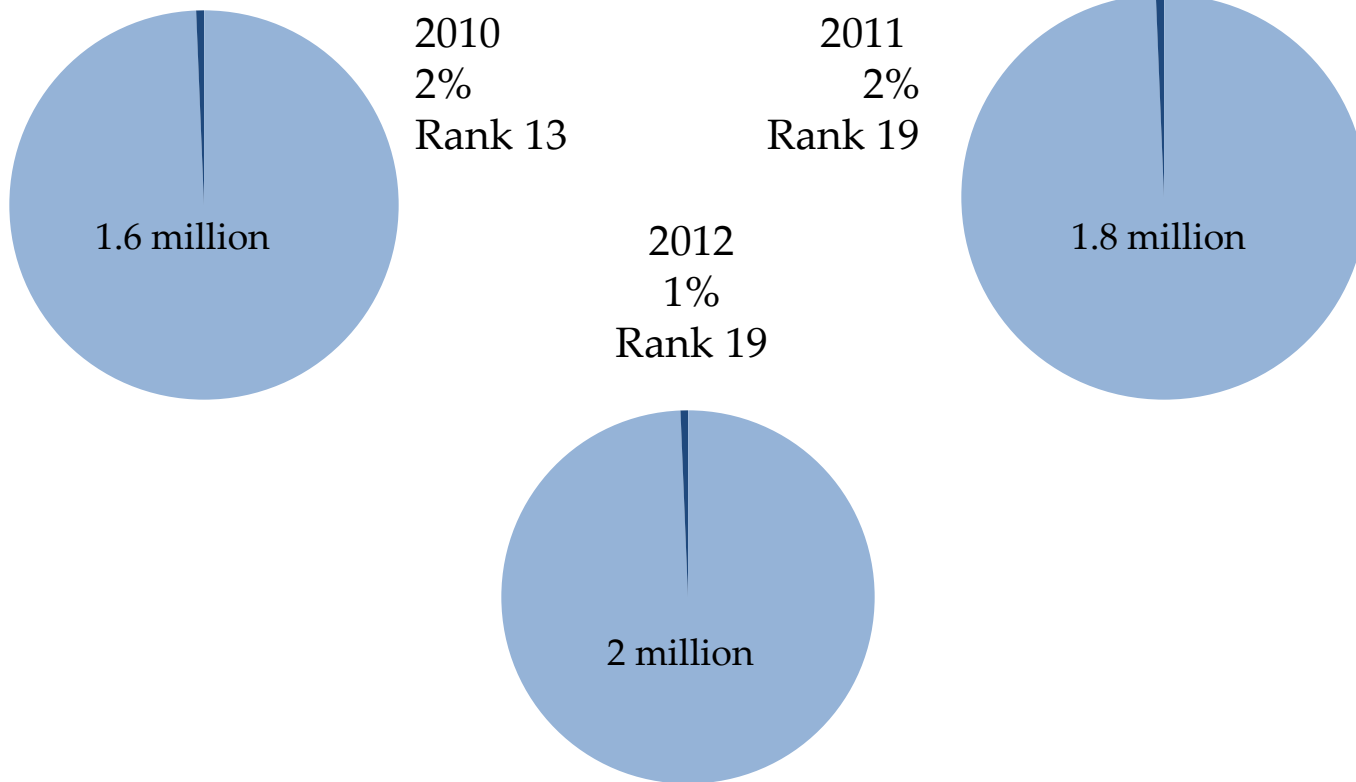


1.3% - 3.9%



**CFPB, Dec. 2012.** Credit-active consumers who disputed one or more items with credit bureaus = 1.3% to 3.9%. *Key Dimensions and Processes in the U.S. Credit Reporting System: A review of how the nation's largest credit bureaus manage consumer data*, Consumer Financial Protection Bureau, Dec. 2012, p. 27, [http://files.consumerfinance.gov/f/201212\\_cfpb\\_credit-reporting-white-paper.pdf](http://files.consumerfinance.gov/f/201212_cfpb_credit-reporting-white-paper.pdf).

# Consumer complaints against credit bureaus with the FTC as a percentage of all consumer complaints made to the FTC



Report to Congress

Under Sections 318 and 319 of  
the Fair and Accurate Credit  
Transactions Act of 2003

Federal Trade Commission

December 2004

“Overall, research and creditor experience has consistently indicated that credit reporting company information...generally provides an effective measure of the relative credit risk posed by prospective borrowers.”

*An Overview of Consumer Data and Consumer Reporting, Federal Reserve Bulletin, Feb. 2003, 50-51 (citations omitted),*  
<http://www.federalreserve.gov/pubs/bulletin/2003/0203lead.pdf>; See also,  
*Credit Reporting Accuracy and Access to Credit, Federal Reserve Bulletin, Summer 2004, 320.*

There is a “market incentive[] to maintain and improve the accuracy and completeness of [credit] reports.”

Federal Trade Commission, *Report to Congress Under Sections 318 and 319 of the Fair and Accurate Credit Transactions Act of 2003, Dec. 2004, 7,* <http://www.ftc.gov/reports/facta/041209factarpt.pdf>

An Overview of Consumer Data  
and Credit Reporting

Robert B. Avery, Paul N. Cullen, and Glenn R. Canine of the Board's Division of Research and Statistics, and Raphael W. Bostic, of the University of Texas, prepared this article.

Board of Governors of the Federal Reserve System has sought to obtain more detailed information on the debt status, loan loss, and overall credit quality of the U.S. financial system. Such information could facilitate policy activities. For decades, information has been gathered by credit reporting companies to assist creditors in evaluating the creditworthiness of current and prospective borrowers. The information gathered by credit reporting companies covers virtually all U.S. credit activity and is comprehensive, accurate, and timely. To the extent that this information is comprehensive and accurate, it provides a potential new source of statistical data on consumer credit markets.

The potential usefulness of these data has led the Board to engage one of the three credit reporting companies to supply a nationally representative sample of its data. The data provide a unique opportunity

to profile the nature and content of information contained in credit reporting company records.

Assessing the usefulness of these data as a potential source of information for the Board involves several tasks. This article is an initial step in that process; it examines the scope and content of the data, using a framework based on key aspects of credit evaluation. This approach is a natural way to begin the assessment process because the credit reporting companies' primary purpose for collecting these data is to facilitate credit evaluation. Future steps will focus on other aspects of this evaluation, including comparing measures of aggregate borrower activity and credit quality derived from the reporting data with measures from other sources.

The article begins with a brief description of the credit reporting companies and the regulatory structure governing these activities. This description is followed by a detailed look at the information collected in credit reports. The discussion of these data is divided along the lines of the major components of consumer credit reports: data—credit history, public records relating to the person's debts, accounts, payment obligations (bankruptcy filings, liens, judgments in civil actions, and so on), collection or payment obligations regarding credit status, accounts, and inquiries regarding credit status. The distribution patterns of items such as account balances, credit utilization, and measures of payment performance by type of account and creditor are then described. Key aspects of the data that may be incomplete, duplicative, or highlighted in the report to credit evaluators are highlighted in the analysis. The article concludes with a discussion of steps that might be taken to address some of the issues identified.

Fair Credit Reporting Act generally refers to a company that provides or creates consumer credit information for the use of creditors in making credit decisions. Such information is also called "credit history" or "credit record." The Fair Credit Reporting Act (FCRA) defines "credit reporting agency" as "any person who, for direct or indirect financial gain, collects, receives, transmits, or disseminates information on the creditworthiness, credit standing, or other financial information on consumers." Each national credit reporting company has a database of credit information for each individual. For a variety of reasons, the data in these databases may not be identical. For example, the data may be updated at different times or may be based on different sources of information.

Information that is not reported to the credit reporting company may be available to the creditor through other means. For example, a creditor may be able to obtain information on a consumer's creditworthiness from other sources, such as public records, court records, or other sources.

“Available evidence indicates that [credit report] data and the credit-scoring models derived from them have substantially improved the overall quality of credit decisions and have reduced the costs of such decision-making. Almost certainly, consumers would receive less credit and the price of the credit they received would be higher, if not for the information provided by credit reporting companies.”

*An Overview of Consumer Data and Consumer Reporting, Federal Reserve Bulletin, Feb. 2003, 50-51 (citations omitted),*  
<http://www.federalreserve.gov/pubs/bulletin/2003/0203lead.pdf>; See also,  
*Credit Reporting Accuracy and Access to Credit, Federal Reserve Bulletin, Summer 2004, 320.*