



FEDERAL TRADE COMMISSION PROTECTING AMERICA'S CONSUMERS

What Tenant Background Screening Companies Need to Know About the Fair Credit Reporting Act

TAGS: [Privacy and Security](#) | [Credit Reporting](#)

If your company is in the business of compiling background information for housing purposes, it's likely you're covered by the Fair Credit Reporting Act (FCRA). Are you following reasonable procedures to assure accuracy, getting required certifications from your clients, and complying with other FCRA provisions?

When is a tenant background screening company a “consumer reporting agency”?

Background screening reports are “consumer reports” under the FCRA when they serve as a factor in determining a person's eligibility for housing, employment, credit, insurance, or other purposes and they include information “bearing on a consumer's credit worthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living.” Companies that sell or provide those reports are “consumer reporting agencies” under the FCRA. So even if you don't think of your company as a consumer reporting agency, it may be one if it provides information about people to landlords for use in housing decisions.

If your tenant background screening company is a consumer reporting agency under the FCRA, what does the law require you to do?

Follow reasonable procedures to assure accuracy. Among other things, the FCRA requires you to establish and follow “reasonable procedures to assure maximum possible accuracy of the information concerning the individual about whom the report relates.” Certain practices may be indicators that a background screening company isn't following reasonable procedures. For example, if a report lists criminal convictions for people other than the applicant or tenant – for instance, a person with a middle name or date of birth different from the applicant's – that raises FCRA compliance concerns. Other examples that raise FCRA compliance concerns include screening reports with multiple entries for the same offense or that list criminal records that have been expunged or otherwise sealed. Another indication that a company's procedures might not be reasonable are reports that list housing court actions, but do not include the outcome of the action – for instance, that a case was resolved in the tenant's favor.

Get certifications from your clients. Consumer reporting agencies may provide consumer reports only to those with a specific permissible purpose, like housing. So verify that your clients are legitimate and get them to certify that they will use the reports only for housing purposes. Your clients may obtain written permission from the consumer that is the subject of the report to show that they have a permissible purpose.

Provide your clients with information about the FCRA. The FCRA requires you to provide your clients with information about their responsibilities under the statute (Notice to Users of Consumer Reports), which you can provide with the background screening report or before providing a report. This is a standard document available from the Consumer Financial Protection Bureau.

Honor the rights of applicants and tenants. The FCRA gives consumers certain rights with which you must comply. For example, you must give them access to their files when they ask for them, conduct a reasonable investigation when they dispute the accuracy of information, and give them written notice of the results of investigations. When providing consumers with a copy of their reports, you must include a summary of their rights under the FCRA (A Summary of Your Rights Under the Fair Credit Reporting Act), which is a standard document available from the Consumer Financial Protection Bureau. It's a violation of the FCRA not to respond in a timely way to consumers' inquiries and disputes. Another FCRA violation: creating unreasonable obstacles for consumers trying to exercise their rights under the FCRA.

Where can I find citations to relevant portions of the Fair Credit Reporting Act?

Here are cites to some of the provisions mentioned in this publication.

CITATION	FCRA SECTION	FAIR CREDIT REPORTING ACT PROVISION
15 U.S.C. § 1681a(d)	Section 603	definition of a "consumer report"
15 U.S.C. § 1681b(a)(3)(F)	Section 604	permissible purpose for consumer reports
15 U.S.C. § 1681c	Section 605	information excluded from consumer reports
15 U.S.C. § 1681e(a)	Section 607	required user identity verification and permissible purpose certification
15 U.S.C. § 1681e(b)	Section 607	consumer reporting agencies' obligation to follow reasonable procedures to assure maximum possible accuracy of information
15 U.S.C. § 1681e(d)	Section 607	required notice of user responsibilities
15 U.S.C. § 1681g(a)	Section 609	consumer reporting agencies' obligation to disclose to consumers all information in their file
15 U.S.C. § 1681g(c)(2)	Section 609	consumer reporting agencies' obligation to provide consumers with a summary of rights
15 U.S.C. § 1681h	Section 610	form of disclosure to consumers of their file

15 U.S.C. § 1681i	Section 611	consumers' right to challenge information they believe is inaccurate and consumer reporting agencies' obligation to reinvestigate
15 U.S.C. § 1681j	Section 612	charges for disclosures to consumers of information in their files

Resources for Business

To find out more about federal laws relating to background reports, visit www.business.ftc.gov, or call the FTC toll-free, 1-877-FTC-HELP (1-877382-4357); TTY: 1-866-653-4261.

For additional information on tenant background reports, read:

[Using Consumer Reports: What Landlords Need to Know](#)

Your Opportunity to Comment

The National Small Business Ombudsman and 10 Regional Fairness Boards collect comments from small businesses about federal compliance and enforcement activities. Each year, the Ombudsman evaluates the conduct of these activities and rates each agency's responsiveness to small businesses. Small businesses can comment to the Ombudsman without fear of reprisal. To comment, call toll-free 1-888-REGFAIR (1-888-734-3247) or go to sba.gov/ombudsman.

About the FTC

The FTC works for the consumer to prevent fraudulent, deceptive, and unfair practices in the marketplace and to provide information to businesses to help them comply with the law. To file a complaint or to get free information on consumer issues, visit ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. Watch a video, [How to File a Complaint](#), to learn more. The FTC enters consumer complaints into the Consumer Sentinel Network, a secure online database and investigative tool used by hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

October 2016



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