

Bureau of Consumer Financial Protection
1700 G Street NW
Washington, D.C. 20552



April 21, 2020

The Honorable Josh Shapiro
Attorney General
Pennsylvania Office of Attorney
16th Floor, Strawberry Square
Harrisburg, PA 17120

Dear Attorney General Shapiro,

Thank you for your letter dated April 13, 2020, regarding concerns about the Consumer Financial Protection Bureau's (Bureau) April 1, 2020, Statement on Supervisory and Enforcement Practices Regarding the Fair Credit Reporting Act and Regulation V in Light of the CARES Act. I appreciated the opportunity to discuss the letter and your interest in the Bureau's credit reporting work when we spoke on April 15, 2020. I strongly support the enforcement of the Fair Credit Reporting Act (FCRA), as amended by the CARES Act, and its implementing regulation, Regulation V. I welcome this additional opportunity to explain what the Consumer Financial Protection Bureau is doing, under my leadership, to protect consumers through ensuring compliance with these and other consumer financial protection laws.

As we discussed on our call, credit reporting plays a critical role in consumers' financial lives. Since the Bureau's inception, it has dedicated significant resources toward enforcing FCRA and Regulation V through robust supervisory and enforcement actions at both credit reporting agencies (CRAs) and furnishers – work that continues as we evaluate specific risks to consumers as a result of the COVID-19 pandemic. The Bureau has focused on credit reporting accuracy and

dispute handling – both obligations of CRAs and furnishers.¹ At the very largest CRAs, we maintain a continuous presence by a dedicated team of examiners. Our supervisory oversight has achieved significant improvements to CRAs' compliance management systems and addressed law violations.²

As we discussed, the Bureau's statement does in fact inform lenders of their responsibility under the CARES Act amendments to FCRA and how to comply. The statement instructed furnishers that in order to comply with the CARES Act amendments to FCRA, a consumer is current on their loan if they have received any relief as a result of the pandemic. We also encouraged lenders to continue voluntarily providing payment relief to consumers and reporting these as current to a consumer's credit report.

In regards to your concern on enforcement and supervisory actions, all CRAs remain responsible for conducting reasonable investigations of consumer disputes in a timely fashion. The Bureau's statement *does not* give CRAs an unlimited time beyond the statutory deadlines to investigate disputes nor does it say the Bureau will not enforce FCRA's obligations to investigate disputes. Instead, the Bureau's statement makes clear that the Bureau expects CRAs to make good faith efforts to investigate disputes as quickly as possible. The Bureau has jurisdiction over the hundreds of CRAs in operation, which include smaller and specialty CRAs, and understands that the pandemic has created unique challenges for many CRAs. For this reason, the Bureau believes it is appropriate to evaluate individually the efforts and circumstances of each CRA in determining if it made good faith efforts to investigate as quickly as possible.

¹ As a result of our supervisory work at furnishers, we directed both bank and nonbank furnishers to develop reasonable written policies and procedures regarding accuracy of the information they furnish and to take corrective action when they furnished inaccurate information. In addition, we took significant steps to ensure furnishers' dispute handling processes comply with the law in response to failures either to conduct investigations or to send results of dispute investigations to consumers. From 2012 to date, the Bureau has settled 28 enforcement actions for violations related to FCRA and Regulation V and is currently in litigation on three additional matters.

² We summarized the Bureau's key findings and specific improvements Supervision directed the CRAs and furnishers to make in two special editions of our *Supervisory Highlights* publication (December 2019 and February 2017), available at https://files.consumerfinance.gov/f/documents/cfpb_supervisory-highlights_issue-20_122019.pdf; https://files.consumerfinance.gov/f/documents/201703_cfpb_Supervisory-Highlights-Consumer-Reporting-Special-Edition.pdf.

The Bureau is committed to protecting consumers, and particularly during this pandemic. The Bureau has been active in producing new resources for consumers to protect their finances during this unprecedented time, and we continue to resolve consumer complaints through our consumer complaint system. The Bureau is providing timely, accurate information in a variety of formats and languages that are closely curated to support this priority, including a blog post released on April 6 advising consumers of CARES Act requirements and the obligation on creditors to report certain accounts as current when the consumer receives a payment accommodation due to the pandemic. We are also asking our partners and stakeholders to further disseminate this information and are open to additional input on appropriate content.

I would like to stress that the pandemic has not affected the Bureau's ability or resolve to use its enforcement tool to police the consumer financial marketplace. The Bureau is monitoring the marketplace in real time and is taking and will continue to take swift action when we identify companies or individuals that violate the law. The notion that the Bureau is not fully and actively engaged in protecting consumers through enforcement is false and sends a dangerous message to potential violators and fraudsters that no one is watching. That could not be more wrong.

The Bureau remains committed to vigorously enforcing all consumer financial protection laws under its jurisdiction, including FCRA. As noted in the Bureau's statement, the Bureau will consider the circumstances that entities face as a result of the COVID-19 pandemic and entities' good faith efforts to comply with statutory and regulatory obligations as soon as possible. The Bureau will, however, not hesitate to take public enforcement action when appropriate against companies or individuals that violate FCRA or any other law under our jurisdiction.

We are also coordinating on an ongoing basis with Federal and State regulators who are committed to stopping COVID-19-related malfeasance. If your office identifies violations of FCRA, or any other law under the Bureau's jurisdiction during this national crisis, or areas where there is a high risk of consumer harm, please bring these matters to our attention directly. If you see specific wrongdoing, bring it to us. While to date, your office has not made the Bureau aware of any specific case, matter, or wrongdoing arising from the COVID-19 pandemic, we expect that you will bring any such issues forward should you identify them. We would be happy to work with your office to ensure that consumers are protected during this difficult time.

Thank you again for your continued engagement with the Bureau's work. Should you have any additional questions, please do not hesitate to contact me, or have your staff contact, Cheryl Parker Rose, in the Bureau's Office of Intergovernmental Affairs on 202-435-7266.

Sincerely,



Kathleen L. Kraninger

Director

cc: The Honorable Xavier Becerra, Attorney General of California
The Honorable Phil Weiser, Attorney General of Colorado
The Honorable Karl Racine, Attorney General of the District of Columbia
The Honorable Clare Connors, Attorney General of Hawai'i
The Honorable Kwame Raoul, Attorney General of Illinois
The Honorable Tom Miller, Attorney General of Iowa
The Honorable Aaron M. Frey, Attorney General of Maine
The Honorable Maura Healey, Attorney General of Massachusetts
The Honorable Dana Nessel, Attorney General of Michigan
The Honorable Keith Ellison, Attorney General of Minnesota
The Honorable Aaron D. Ford, Attorney General of Nevada
The Honorable Gurbir S. Grewal, Attorney General of New Jersey
The Honorable Hector Balderas, Attorney General of New Mexico
The Honorable Letitia James, Attorney General of New York
The Honorable Josh Stein, Attorney General of North Carolina
The Honorable Ellen F. Rosenblum, Attorney General of Oregon
The Honorable Dennise Longo, Puerto Rico Secretary of Justice
The Honorable Peter Neronha, Attorney General of Rhode Island
The Honorable Thomas J. Donovan, Jr., Vermont Attorney General
The Honorable Mark Herring, Attorney General of Virginia
The Honorable Bob Ferguson, Attorney General of Washington
The Honorable Joshua L. Kaul, Attorney General of Wisconsin