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Reasonable Reinvestigation, Not Legal Adjudication: CRAs and Furnishers under the FCRA

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Courts nationwide have carefully examined what is "reasonable" in the face of a challenge under either the reasonable procedures requirements for initial reporting under the, found in 15 U.S.C. § 1681e(b), or the dispute reinvestigation requirements of the FCRA, found in 15 U.S.C. § 1681i. In the context of dispute reinvestigations, a deceptively simple question lies at the center of this body of law: Could the inaccuracy have been uncovered through a reasonable reinvestigation? As the U.S. Court of Appeals for the First Circuit has explained, "[t]he decisive inquiry" is whether the defendant could have discovered the alleged inaccuracy "if it had reasonably reinvestigated the matter." *DeAndrade v. Trans Union LLC*, 523 F.3d 61, 68 (1st Cir. 2008) [login required et seq.]; *see also Suluki v. Credit One Bank, NA*, 138 F.4th 709, 723 (2d Cir.FairCredit Reporting Act (FCRA)2025) (affirming summary judgment to defendant "[b]ecause no reasonable investigation would have led to a different result).

Although the answer to this question appears straightforward, its application becomes far more complex given the variety of fact patterns in which alleged inaccuracies may arise. As the case law has unfolded, courts have begun to center on the following general rule: if the disputed inaccuracy is not "objectively and readily verifiable," furnishers and consumer reporting agencies (CRAs) cannot be held liable under the FCRA for failing to discover the inaccuracy prior to initial reporting or during a reinvestigation in response to a dispute. The U.S. Court of Appeals for the Second Circuit, for example, has made clear that reported information is actionably "inaccurate" under section 1681e(b)—the provision governing initial reporting procedures—only if it is "objectively and readily verifiable by the CRA." *Sessa v. Trans Union LLC*, 74 F.4th 38, 42 (2d Cir. 2023). Courts have applied the same limitation to claims that a CRA failed to conduct a reasonable reinvestigation of a consumer dispute brought under section 1681i(a), *Reyes v. Equifax Info. Servs., L.L.C.*, 140 F.4th 279, 287 (5th Cir. 2025), as well as claims that a furnisher of credit information failed to conduct a reasonable investigation in response to a dispute brought under section 1681s-2(b), *Holden v. Holiday Inn Club Vacations Inc.*, 98 F.4th 1359, 1368 (11th Cir. 2024).

The Central Role of Reasonableness

The statutory touchstone for both sections 1681e(b) and 1681i(a) is reasonableness. Section 1681e(b) requires CRAs to "follow reasonable procedures to assure maximum possible accuracy," and section 1681i(a) requires them to conduct a reasonable reinvestigation when a consumer disputes information. Courts have consistently interpreted these provisions through a practical lens that accounts for the institutional role and limitations of CRAs.

Additionally, although the word *reasonable* does not explicitly appear in section 1681s-2(b)—the provision through which furnishers are obligated to "conduct an investigation with respect to the disputed information" upon receiving notice of an indirect dispute from a CRA—courts have recognized that the duty imposed by this provision on furnishers also turns on reasonableness. *See, e.g.*, *Holden*,98 F.4th at 1363; *Roberts v. Carter-Young, Inc.*, 131 F.4th 241, 249 (4th Cir. 2025)

As the U.S. Court of Appeals for the Fourth Circuit recently reiterated, "an investigation into the accuracy and completeness of information in a credit report must be reasonable." *Roberts, 131 F.4th at 251*. Reasonableness, however, does not demand perfection, nor does it require CRAs and furnishers to transform themselves into adjudicative bodies. The *Roberts* court emphasized that "[r]equiring [dispute] investigations that resemble full court proceedings would not be reasonable." *Id.* at 251 n.6 (citing *Mader v. Experian Info.Sols., Inc.*, 56 F.4th 264, 271 (2d Cir. 2023)); *Sessa*, 74 F.4th at 42–43. In adopting this logic, courts have made clear that CRAs and furnishers alike "are not expected to function like full tribunals." *Roberts*, 131 F.4th at 251 n.6.

This limitation reflects both practical reality and statutory design. CRAs operate as intermediaries that collect and report information supplied by furnishers. They are not equipped with subpoena power, the ability to compel testimony, or the institutional authority to resolve complex factual disputes or unsettled legal questions. And while furnishers of information have the direct relationship to the consumer and are the holder of the account—giving them more information from which to draw when conducting an investigation—furnishers also have limited knowledge, tools, and resources to investigate consumers' disputes, and their investigatory power can only go so far. This difference in the roles and relative positions of furnishers and CRAs has led some circuit courts to conclude that "the furnisher of credit information stands in a far better position to make a thorough investigation of a disputed debt than [a consumer reporting agency] does," so the FCRA "will sometimes require furnishers to investigate, and even to highlight or resolve, questions of legal significance"; but even so, there are acknowledged limits to the types of disputes that a furnisher can reasonably be expected to be able to resolve. *Holden*, 98 F.4th at 1368 (collecting cases).

Objectively and Readily Verifiable Information

In a case involving a furnisher, the U.S. Court of Appeals for the Eleventh Circuit continued to refine the distinction between actionable and nonactionable disputed inaccuracies. *See Holden*, 98 F.4th at 1368–69. There, the court explained that "purely factual or transcription errors" or a "straightforward application of law to facts" qualifies as "objectively and readily verifiable" information. *Id.* Conversely, information that "stems from a . . . dispute without a straightforward answer" does not. *Id.* Similarly, the U.S. Court of Appeals for the Seventh Circuit has recognized that matters such as "the amount a consumer owes" or "what day a consumer opened an account or incurred a payment" fall squarely within the category of objectively and readily verifiable information. *Chuluunbat v. Experian Info. Sols.*, Inc., 4 F.4th 562, 568 (7th Cir. 2021). These are concrete, historical facts that can typically be confirmed—or corrected—by a reasonable reinvestigation. On a related but separate issue, the U.S. Court of Appeals for the Eighth Circuit recently held that a defendant's obligation to investigate a dispute is necessarily limited to what the defendant "learned about the nature of the dispute from the description" provided with the dispute; thus, a "more limited investigation may be appropriate" when the defendant receives only "vague or cursory information about the consumer's dispute." *Johnson v. Freedom Mortg. Corp.*, 165 F.4th 1128, 1131 (8th Cir. 2026) (citing *Chiang v. Verizon NewEng. Inc.*, 595 F.3d 26, 38 (1st Cir. 2010)).

In contrast, disputes that require complex fact-gathering, credibility determinations, or in-depth legal analysis involve information that is not objectively and readily verifiable. As *Roberts* explains, "a dispute that "involves complex fact-gathering and in-depth legal analysis of the sort that courts would typically perform" falls outside the CRA's mandate. Nor are CRAs or furnishers required to resolve unsettled legal questions or assess allegations of tortious conduct, such as claims of fraud or retaliation, which demand subjective evaluation of the parties' actions. *Roberts*, 131 F.4th at 251.

Ownership and Legal Validity Disputes

Ownership disputes provide a useful illustration of these principles and how to draw the "objectively and readily verifiable" line. As the Eleventh Circuit explained in *Rozov v. Bank of America, N.A.*:

- [W]hen a consumer claims a debt is not owed, the nature of the dispute determines whether it is actionable under the FCRA. Sometimes, such a claim presents a purely factual issue—for example, where a consumer contends that the furnisher misidentified him by using the wrong Social Security number. In those circumstances, the dispute may be objectively verifiable.

2025 WL 1620921, at *2 (11th Cir. June 9, 2025) .

Other circuits have echoed this limitation. The U.S. Court of Appeals for the Fifth Circuit has held that CRAs "are not required to investigate the legal validity of disputed debts under the FCRA." *Reyes*, 140 F.4th at 287. Similarly, the Seventh Circuit has observed that a CRA "is neither qualified nor obligated to resolve [legal issues] under the FCRA." *Denan v.Trans Union LLC*, 959 F.3d 290, 296 (7th Cir. 2020).

The U.S. Court of Appeals for the Ninth Circuit articulated the same principle in *Carvalho v. Equifax Information Services, LLC*, explaining that determining whether a consumer has a valid defense to enforcement of a debt instrument "is a question for a court to resolve in a suit against the [creditor], not a job imposed upon consumer reporting agencies by the FCRA." 629 F.3d 876, 892 (9th Cir. 2010).

The Limits of the Collateral Attack Doctrine

It is important to understand the current state of the law in the context of historical precedent. Specifically, the cases discussed above evolved from an earlier line of cases often referred to as the "collateral attack doctrine." That line of cases held that while consumers may not use the FCRA as a vehicle to litigate the legal validity of an underlying debt or to force CRAs to adjudicate complex disputes better suited for courts, CRAs and furnishers governed by the FCRA must still fulfill their statutory obligations to use reasonable procedures for ensuring accuracy in their reporting and for investigating disputes. As the case law has evolved from its roots in the collateral attack doctrine and into the modern holdings regarding objectively and readily verifiable inaccuracies, courts have steered away from a bright-line rule that "legal disputes" can never amount to an actionable inaccuracy under the law. *See Sessa*, 74 F.4th at 40.

This doctrinal boundary protects both the integrity of the credit reporting system and the proper allocation of institutional roles. CRAs and furnishers must correct objectively verifiable inaccuracies when alerted to them, but they are not arbiters of contractual defenses, fraud claims, or unsettled questions of law and cannot be held to that standard. Where a dispute turns on such issues, the appropriate forum is a court of law in a direct action against

the creditor or furnisher.

Conclusion

In short, liability under the FCRA hinges not merely on whether information is disputed, but on whether the alleged inaccuracy is one that a CRA or furnisher could reasonably uncover and verify. The “objectively and readily verifiable” standard, culminating from decades of case law developed by courts grappling with the concept of “reasonableness” in this context, serves as the dividing line between actionable reporting errors and impermissible collateral attacks on underlying legal obligations.

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