Consumer Protection – Maryland Consumer Reporting Act – Regulations
HB642
Economic Matters Committee
February 3, 2021
FAVORABLE

Maryland Public Interest Research Group (Maryland PIRG) is a citizen funded public interest advocacy organization with grassroots members across the state. For forty years we've stood up to powerful interests whenever they threaten our health and safety, our financial security, or our right to fully participate in our democratic society.

Chair Davis,

Maryland Public Interest Research Group (PIRG) has had a long history of fighting to protect consumers' rights, and is pleased to offer testimony in support of the timely Maryland Consumer Reporting Act, HB0642.

The Maryland Consumer Reporting Act offers an important opportunity to clarify language in both the federal Fair Credit Reporting Act (FCRA) (15 USC 1681 *et seq*.) and Code of Maryland (COMAR §09.03.07. Credit Reporting Agencies). As the law currently stands, consumer reporting agencies (colloquially, "credit bureaus") are required to use "reasonable procedures to ensure maximum possible accuracy." In practice, however, credit bureaus' procedures fall short of ensuring maximum accuracy. They only match 7 out of 9 digits of a social security number, and use partial, not full, names of consumers. These practices create ample room for error. A study by the Federal Trade Commission found that 21% of consumers had verified errors in their credit reports, 13% had errors that affected their credit scores, and 5% had errors serious enough to cause them to be denied or pay more for credit.[1] PIRG studies of complaints in the U.S. Consumer Financial Protection Bureau find that credit reporting complaints lead all others. Complaints about the so-called Big Three credit bureaus lead all companies, including banks; in 2020, complaints about credit reporting saw dramatic increases from previous years, and accounted for the majority of all complaints.

The Maryland Consumer Reporting Act is not the first time the state of Maryland has tried to protect its consumers from mistakes on their credit reports. In 2017, 31 states Attorneys General, including Maryland Attorney General Brian Frosh, finalized an action that forced the big three credit bureaus (TransUnion, Experian, and Equifax) to drop inaccurate public records, including tax liens, court judgements, and medical debt older than 6 months. This enforcement action, filed in 2015, raised the credit scores of over 12 million consumers nationwide.

In the midst of a pandemic, consumers need more protections than ever. The Maryland Consumer Reporting Act would provide critical protections for consumers; it would require credit bureaus to match

---

[1] Federal Trade Comm'n Report to Congress Under Section 319 of the Fair and Accurate Credit Transactions Act of 2003 (Dec. 2012), available at http://www.ftc.gov/sites/default/files/documents/reports/section-319-fair-andaccurate-credit-transactions-act-2003-fifth-interim-federal-trade-commission/130211factareport.pdf.

records using the full name of the consumer and either the full social security number or full date of birth coupled with “another characteristic such as gender, race, ethnicity, or physical description of the consumer”. The Consumer Reporting Act would also establish a method to exclude “duplicated, outdated, sealed, and expunged public records”, eliminating the possibility of harmful errors. Additionally, complaints about inaccuracies in consumer reports would be addressed and tracked, ensuring that these complaints receive timely responses.

Maryland PIRG strongly supports the Maryland Consumer Reporting Act, and believes that the provisions it provides would help alleviate the increased financial stresses that consumers are feeling during the COVID-19 pandemic.

We respectfully request a favorable report.