

Testimony to the House Economic Matters Committee
HB 251: Consumer Protection-Maryland Consumer Reporting Act-Regulations
Position: Favorable

January 26, 2022

The Honorable C. T. Wilson, Chair
House Economic Matters Committee
Room 231, House Office Building
Annapolis, Maryland 21401
Cc: Members, House Economic Matters Committee

Honorable Chair Wilson and Members of the Committee:

The Maryland Consumer Rights Coalition (MCRC) is a statewide coalition of individuals and organizations that advances economic rights and financial inclusion for Maryland consumers through research, education, direct service, and advocacy. Our 8,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are here today in strong support of HB251. HB 251 requires the Commissioner of Regulation to promulgate regulations regarding the accuracy of the information in consumer reports. New regulations are needed to create industry-wide standards to ensure accuracy, remove duplicate, outdated, sealed, and expunged records, and create a complaint database to track and analyze problems with credit reporting for Marylanders.

Consumer credit reports are rife with mistakes. Earlier this month the Consumer Financial Protection Bureau (CFPB) issued a damning new report on the nationwide credit reporting agencies -TransUnion, Experian, and Equifax. **The [report](#) found that in 2021, the credit reporting agencies reported relief in less than 2% of complaints down from nearly 25% complaints in 2019¹.** The report documented numerous consumer complaints about the credit reporting agencies, including:

- Consumers are caught in an automated system where they are unable to successfully dispute inaccurate information.
- Consumers waste time, money, and energy trying to correct their reports.
- Consumers have limited avenues to resolve the problem which is particularly difficult for identity theft victims.

In Maryland, errors on credit reports are a real problem. Marylanders have filed the 6th highest number of complaints about credit reporting in the nation. And problems are on the rise-complaints by Maryland residents about credit reporting errors increased by 60% between 2019-2020.

1

<https://www.consumerfinance.gov/data-research/research-reports/annual-report-consumer-credit-reporting-complaints-analysis-of-complaint-responses-equifax-experian-transunion/>

These credit reports play an important-and outsized-role in the financial lives of consumers. Landlords, employers, and financial institutions continue to rely on these reports to determine whether to extend a rental contract, a job offer, or a loan to an individual. Getting this information wrong could result in the loss of an apartment, job, or loan.

Common mistakes in credit reports include incorrect information often linked to identity theft, or reporting information about someone with a similar name as well as reporting information that should have been sealed or expunged, or reporting information in a misleading manner.

This legislation is needed and has been carefully crafted to ensure that it is not preempted by federal law. Despite federal regulations, a settlement, and federal agency actions, additional state-level oversight is needed to provide the necessary protections for Maryland consumers.

This legislation is particularly important today as we grapple with a global pandemic and accompanying recession in Maryland. As the United Way's 2020 ALICE report notes, 39% of Maryland households struggle to make ends meet². Thousands of households have lost jobs, with Black and Latinx households grappling with greater job loss and a higher risk of contracting COVID, and with it, the healthcare costs and potential loss of earnings. The rise in evictions and foreclosures that advocates are seeing will fall hardest on Black and Latinx households who may be rejected from a new rental property based on an erroneous credit report.

Currently, the onus falls on the consumer to correct their credit report but there are a number of obstacles to doing so. The consumer has to reach out to each credit reporting agency separately, the credit bureaus have little incentive to expedite their investigations nor to be more thorough in their investigations and by the time the investigation is concluded, the Maryland resident will have already lost out on the apartment, job, or credit application.

HB251 provides a needed expansion of protections for consumers regarding their credit reports, particularly during this unprecedented health and wealth crisis.

For all of these reasons, we support HB251 and urge a favorable report.

Best,

Marceline White
Executive Director

² [United Way ALICE report. 2020](#)