

Your 6 Rights Under the Fair Credit Reporting Act

Your credit report is used by lenders, employers and insurance companies to make business decisions affecting your life. So what protections do you have against abuses of your credit report – like fraud, identity theft and inaccurate information that damages your credit history?

Your first line of protection is the federal Fair Credit Reporting Act (FCRA). It ensures that the financial information in your credit report is, first and foremost, accurate. In addition, it ensures that your credit report is kept private. In 2003, an amendment to the FCRA was passed to provide an additional level of protection against identity theft and discriminatory lending. The amendment – the Fair and Accurate Credit Transactions Act – gives you six specific rights you need to be aware of.

1. The right to access your information

If you are ever denied credit, a loan, insurance or a job because of information on your credit report, the bank, insurance company or employer that turned you down must let you know they turned you down because of your credit report. They must also give you the name of the bureau they used – Equifax, Experian or TransUnion. You're also entitled to receive a free copy of that report so you can see if the information is accurate.

2. The right to accuracy

Since the consumer credit reporting agencies are responsible for reporting accurate information, you have the right to file a dispute if you discover an item that's incorrect. The agency then has 30 days to investigate your claim. While the investigation is going on, a notice of dispute will appear on your report. If the item in question turns out to be accurate, it will stay on your report. However, if the item is incorrect, it will be removed. After the investigation, you will receive a report, and if your credit report was changed, you will get a copy of your revised credit report.

3. The right to explain yourself

Perhaps a medical emergency kept you from paying a credit card bill on time. Now you are allowed to add a brief comment to your credit report explaining what happened. Anyone who accesses your credit report can read your comments, so they can take that into consideration as they assess your credit risk.

4. The right to have negative information "age-off"

If you have a damaged credit report, don't worry – it's only temporary. Most of the time, negative information will be removed after seven years – 10 years in the case of Chapter 7 bankruptcies.

5. The right to privacy

No one can access your credit report information without your written consent. In addition, only companies recognized by the FCRA are allowed to see your credit report. Typically, these companies include creditors, landlords, insurers and places of employment.

6. The right to seek damages

Finally, you have the right to sue a business or person you believe has violated any of the FCRA's terms – such as providing false information that negatively affects your credit report. Depending on the state you live in, you may have additional rights as well. To find out, contact your state's Attorney General's office.