

Issue Update

In recent years, when applying for credit, bank customers have experienced a sharp increase in the volume of “trigger leads” – unwanted call, text, email, and mail solicitations from lenders the customer has no relationship with and may never have heard of.

When a consumer applies for credit and consents to a credit check, the bank pulls their credit report to evaluate their application. This “triggers” the credit reporting agency to identify that the consumer is shopping for credit and to sell their information to other lenders who do not have a relationship with the bank or customer, and who then contact the consumer to market prescreened credit offers.

Individuals who apply for a mortgage may receive dozens or even hundreds of trigger lead solicitations. One bank had a customer report receiving 249 phone calls and 53 text messages over nine days. Another reported receiving 276 calls within a 24-hour period. Unfortunately, these are not isolated incidents.

Why It Matters

Protecting Consumers from Unwanted and Abusive Solicitations. While receiving a limited number of prescreened credit offers from known and trusted financial institutions can help consumers shop for mortgages, receiving hundreds of calls, texts, and other communications merely causes confusion and disruption. Some of those solicitations may be confusing, or even designed to deceive the customer into believing they came from the bank to whom the customer originally applied for the loan.

Preserving Customers’ Trust in Banks. Trigger leads can damage banks’ relationships with their customers, who often mistakenly believe it was their bank that sold their information to other lenders with whom the customer has no prior relationship. In reality, banks carefully safeguard their customers’ privacy, and it is consumer reporting agencies who sell trigger leads. Nonetheless, this misperception can erode customers’ trust in their banks and in the financial system.

Recommended Action Items

- **Tell Congress to Support the *Homebuyers Privacy Protection Act (S. 3502 and H.R. 7297)*.** This bipartisan, bicameral legislation would eliminate abusive mortgage “trigger leads,” and limit prescreened credit offers to consumers who consent or who have a preexisting relationship with a financial institution.