

April 26, 2023

The Honorable Sherrod Brown
Chairman
Committee on Banking, Housing, and Urban
Affairs
United States Senate
Washington, D.C. 20510

The Honorable Tim Scott
Ranking Member
Committee on Banking, Housing, and Urban
Affairs
United States Senate
Washington, D.C. 20510

Dear Chairman Brown and Ranking Member Scott:

The undersigned trade associations write regarding the increasing threat credit repair scams pose to consumers and the credit markets.¹ Credit repair organizations exploit the most vulnerable Americans and inundate creditors and credit bureaus with meritless and duplicative claims that information in a credit report is inaccurate. These activities jam the credit reporting system with illegitimate claims that divert resources from authentic consumer disputes and cost Americans exorbitant amounts of money for no actual value.

As part of the committee's work in the 118th Congress, we encourage you to introduce bipartisan legislation to modernize the Credit Repair Organizations Act (CROA), which was passed in 1996. Amending the CROA would help to prevent credit repair firms from inducing consumers to pay for services that are not provided and from clogging dispute systems with false claims.

As the Federal Trade Commission and Consumer Financial Protection Bureau have warned, credit repair organizations (CRO) take advantage of consumers who are trying to improve their financial situation through potentially misleading messaging.² Often without the consumer's knowledge, these firms use bulk mail to deploy identical form letters that fail to provide a specific explanation of a dispute or supporting documentation.³ Sometimes it is impossible to tell whether the consumer or the CRO sent the dispute on the consumer's behalf or even with the consumer's permission.

A fair and accurate credit reporting system is essential for both hardworking Americans and businesses that provide affordable credit. Our organizations have long believed that errors on credit reports should be fixed as quickly as possible. Indeed, it is in the interest of those using the reports for information to be accurate, as they make decisions based on information in the reports. Equally, credit bureaus strive for accuracy because it means their reports are better predictive of credit performance outcomes and thus valued by their creditor customers.

¹ Federal Trade Commission, *FTC Shuts Down Credit Repair Pyramid Scheme Financial Education Services* (May 31, 2022), <https://www.ftc.gov/news-events/news/press-releases/2022/05/ftc-shuts-down-credit-repair-pyramid-scheme-financial-education-services-which-bilked-more-213>

² Federal Trade Commission, *Fixing Your Credit FAQs*, <https://consumer.ftc.gov/articles/fixing-your-credit-faqs>; Consumer Financial Protection Bureau, *Don't Be Misled by Companies Offering Paid Credit Repair Services*, https://files.consumerfinance.gov/f/documents/092016_cfpb_ConsumerAdvisory.pdf

³ Wall Street Journal, *Credit Scores Get Bogged Down by Deluge of False Identity-Theft Claims* (December 1, 2022), <https://www.wsj.com/articles/credit-score-washing-identity-theft-11669848797>

Thank you for your attention to this important issue. We welcome the opportunity to further engage on this matter and look forward to working with you to modernize CROA in a bipartisan and meaningful way.

Sincerely,

ACA International

American Bankers Association

American Financial Services Association

Consumer Bankers Association

Consumer Data Industry Association

Credit Union National Association

National Association of Federally-Insured Credit Unions (NAFCU)

National Bankers Association

U.S. Chamber of Commerce

cc: Members of the Senate Committee on Banking, Housing, and Urban Affairs