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July 20, 2011

Senator John D. Rockefeller, Chairman
Senate Committee on Commerce, Science and Transportation
531 Hart Senate Office Building
Washington, DC 20510

Senator Kay Bailey Hutchison, Ranking Member
Senate Committee on Commerce, Science and Transportation
284 Russell Senate Office Building
Washington, DC 20510

RE: Congress must address activities of the “fourth bureau”

Dear Chairman Rockefeller and Ranking Member Hutchison:

We are writing to express concern regarding the opaque and ubiquitous tracking of consumer financial behavior by the so-called “fourth bureau,” detailed in a recent Washington Post article entitled, “*Little-Known Firms Tracking Data Used in Credit Scores.*”¹ The “fourth bureau” is made up of private companies that compile and sell consumer data to entities such as lenders, landlords, employers and health-care providers.

Unlike the three major credit bureaus, which track consumer scores based on credit card activity, auto notes and mortgages, the fourth bureau tracks and investigates traditionally unreliable indicators of creditworthiness, such as magazine and cable subscriptions, utility bills, and child care tuition payments. No standards exist for what types of information should be collected and how it should be used, nor are these companies required to ensure the accuracy of compiled information. Most American consumers have no way of knowing that this information is being collected about them and used in ways that could affect their interest rates, housing, and employment. Even when individuals find out about the “fourth bureau’s” existence, accessing and correcting data about them is nearly impossible.

The activities of the fourth bureau can and do have a significant impact on American consumers. The same Washington Post article mentioned above details the story of

¹ Ylan Q. Mui, “*Little-Known Firms Tracking Data Used in Credit Scores,*” Washington Post, July 16, 2011, available on the web at: http://www.washingtonpost.com/business/economy/little-known-firms-tracking-data-used-in-credit-scores/2011/05/24/gIQAXHcWII_story.html.



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Catherine Taylor, an Arkansas resident whose credit was destroyed by incorrect information contained in her “fourth bureau” file. Ms. Taylor was denied a job at a local Red Cross after a “fourth bureau” company named ChoicePoint indicated that she had been charged with intent to sell and manufacture methamphetamines. The information was incorrect, and the charges pertained to another woman with Ms. Taylor’s name and birthday. Nevertheless, Ms. Taylor’s credit was so badly damaged she could not take out loans in her own name, was turned down for an apartment, and was even barred from volunteering with her daughter’s Girl Scout troop. Years later, she is still fighting to correct the records and clear her name.

Consumers Union believes that the activities of the “fourth bureau” unfairly use consumers’ data to draw potentially harmful and unreliable conclusions about their creditworthiness and ability to pay. Consumers do not realize these files exist, and even when they do find out about them, accessing and correcting inaccurate information involves a long and arduous process. Consumers deserve to know how they are being evaluated and by whom, as well as a means to address faulty information in their files.

As a result, Consumers Union urges Congress to consider whether the requirements of the Fair Credit Reporting Act (FCRA), such as an annual free credit report and a consumer access to a toll free number, should apply to such data brokers. In cases of adverse action or risk based pricing, consumers should be entitled to receive the same credit report that creditors received. Consumers are entitled to accuracy, fairness and transparency in the way their information is used to establish creditworthiness.

In addition, some recent bills introduced in both Senate and House would begin to address activities of such companies by requiring them to maximize accuracy of consumer records, to provide consumers with access, and to establish a process by which consumers can correct inaccurate information. These provisions would ensure that consumers have some means of disputing information contained in their “fourth bureau” files. However, one glaring issue remains: many consumers may still not know that these entities are aggregating and selling information about them. How can consumers seek access and request correction of personal files when they do not know these files exist?

Consumers Union urges your Committee to hold hearings on this important consumer issue. American consumers such as Catherine Taylor should not be denied employment or credit simply due to the gross inaccuracies contained in “fourth bureau” consumer report files that they cannot access or correct, especially in the context of today’s dire economy. We hope your Committee will address this issue as quickly as possible.

We would be happy to meet with you to discuss this matter further. If you have any questions please contact me at (202) 462-6262.



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Sincerely,

A handwritten signature in black ink that reads "Ioana Rusu". The signature is fluid and cursive, with a horizontal line extending from the end of the name.

Ioana Rusu
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Cc: Senate Committee on Banking, Housing, and Urban Affairs
House Energy and Commerce Committee
House Committee on Financial Services