

Credit Report Errors are Getting Worse

By the GWAAR Legal Services Team (for reprint)

Consumer Reports is recommending that consumers check their credit reports carefully, as complaints about mistakes on credit reports have increased during the pandemic. In fact, complaints about credit report errors were the most common consumer complaint to the Consumer Financial Protection Bureau (CFPB) in 2020.

Common credit report errors include incorrect addresses or birth dates. Sometimes information from an individual with a similar name or Social Security number can appear in another consumer's credit report. Fraudulent accounts resulting from identity theft can also appear on a credit report. In addition, accounts or loans may still appear to be unpaid even after they have been paid off, loans might be listed multiple times, and debts may be reported incorrectly as being in collections. In addition, some companies have been incorrectly reporting deferrals during the pandemic. The CARES Act, which was passed in March 2020 to provide assistance to those who lost their jobs or income because of the pandemic, requires companies that provide federally-backed mortgages and student loans to offer deferred payments to borrowers. Other financial companies have also offered deferrals voluntarily. Under the CARES Act, these deferred payments must be reported as current to the credit bureaus if the borrower was current before the deferral. Unfortunately, some companies, including one of the largest student loan servicers, have incorrectly reported these deferred payments as late.

Unfortunately, these errors can prevent someone from being hired for a job or renting an apartment. If someone is applying for a loan, a credit report error can affect the interest rate of the loan or even whether the loan application is approved. Furthermore, cell phone and cable companies may require customers with low credit scores pay larger deposits to sign up for service.

Typically, consumers can request a free credit report once every year from each of the three major credit bureaus at annualcreditreport.com. However, these agencies are providing free weekly online credit reports until April 20, 2022.

If you find a mistake on your credit reports, Consumer Reports suggests the following steps:

- ◆ Prepare dispute materials for each of the three major credit bureaus – Experian, Equifax, and Transunion. Because the credit bureaus do not communicate with each other, you must file a dispute with each one.
- ◆ If you are filing a dispute about debt that was reported incorrectly, gather account statements and payment records. If you do not provide enough evidence, the credit bureau can dismiss your claim.

◆ Write a letter explaining the problem. Avoid using the standardized online forms provided by the credit bureaus, as these might not provide a complete explanation of the issue. In addition, if you submit your dispute online, you may waive your right to sue as an individual or in a class action.

◆ Send all materials by certified mail and keep copies for yourself. This makes it easier to prove when you mailed these materials and confirm that the credit bureaus are following the required timelines. Credit bureaus have five days to send disputes to the financial institution or debt collector that supplied incorrect information. If that company does not investigate or respond to the dispute in time, the credit bureaus must delete the information.

◆ If you lose your dispute, consider contacting an attorney.

You can find an attorney through the State Bar of Wisconsin's Lawyer Referral and Information Service at <https://www.wisbar.org/forPublic/INeedaLawyer/Pages/i-need-a-lawyer.aspx>