



## **BEFORE YOU START YOUR NEXT JOB SEARCH: CHECK YOUR CREDIT**



### **How Does My Credit History Affect My Job Search?**

In today's economy employers are constantly finding new tools to filter out qualified candidates from employment opportunities including promotions and reassignments. Recent reports estimate that approximately 43% of employers use consumer reports to screen job applicants. A **consumer report** includes information regarding your credit payment history, criminal history, driving record, general reputation, and lifestyle. This information may be obtained from any **consumer reporting agency (CRA)**, including all three credit bureaus, Experian, Equifax, and TransUnion. Many employers use the information obtained in these reports to draw negative conclusions (or evaluate) about job applicants.

### **What Rights Do I Have When An Employer Orders A Consumer Report About Me?**

The Fair Credit Reporting Act (FCRA) regulates the dissemination and use of consumer reports. The FCRA requires employers and consumer reporting agencies to follow certain guidelines before and after a consumer report is ordered for any job applicant.

1. Written Notice

An employer must give you written notice that a credit report may be obtained for the purpose of evaluating you for employment opportunities.<sup>1</sup>

2. Authorization

An employer must obtain written authorization to access your consumer report before the employer contacts a CRA for the information. If you are already employed and your employer plans to review your consumer report for promotion purposes and have given written permission in the past, the employer need only ensure that you were given a separate document informing you that your credit information may be obtained during the course of your employment.

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<sup>1</sup> The Fair Credit Reporting Act, 15 U.S.C. § 1681d(a)(1)



### 3. Before taking adverse action

An employer must give you a pre-adverse action disclosure that includes a copy of the consumer report obtained and a copy of “A Summary of Your Rights under the Fair Credit Reporting Act”.<sup>2</sup>

### 4. After taking adverse action

After an employer makes an adverse decision based in whole or in part on information contained in your consumer report, the employer must notify you using an **adverse action notice**. This notice may be given orally, in writing or electronically but must include:

- The name, address, and phone number of the CRA who provided the report
- A statement that the CRA who provided the information was not responsible for the adverse decision and cannot provide additional explanations for the hiring decision.
- Information regarding your right to dispute the accuracy or completeness of any information contained in the report and your right to obtain a free copy of the report from the CRA if one is requested within 60 days. The CRA must provide you with a copy of the consumer report free of charge if requested within 60 days.<sup>3</sup>

## What Can I Do If An Employer Does Not Follow The FCRA?

If an employer violates your rights under the FCRA, you are protected. The FCRA allows you to bring an action against an employer or CRA in federal court and if you are successful you may recover actual damages sustained, court costs, and reasonable legal fees.<sup>4</sup> You may also recover punitive damages where deliberate violations can be shown on the part of the employer.<sup>5</sup> The FTC and other federal agencies may also sue employers for noncompliance under the act.

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<sup>2</sup> The Fair Credit Reporting Act, 15 U.S.C. § 1681m(a)

<sup>3</sup> *Id.*

<sup>4</sup> The Fair Credit Reporting Act, 15 U.S.C. § 1681n

<sup>5</sup> *Id.*