

Protect Your Rights

Check your credit report.

You are entitled to one free credit report from each of the nationwide credit reporting companies per year. To request your free reports, visit:

www.annualcreditreport.com

Correct errors.

You should contact both the credit reporting company and the creditor or other information provider *in writing*. It is also a good idea to contact the other nationwide credit reporting companies if you find an error on one report. For more information on how to correct errors, visit:

www.ftc.gov/credit

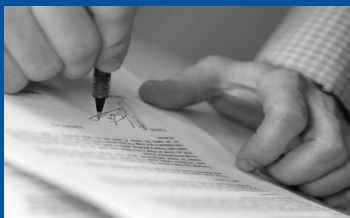
Read the fine print.

When completing a job application, be sure to read all the information carefully. There may be language in small print disclosing the employer's intent to check your background, including your credit report.

Ask for the details.

Although the FCRA does not require an employer to disclose an employment screening company unless they take an adverse action, you are still entitled to a free copy of the report if it is covered by the FCRA. If an employer has informed you they are conducting a background check, ask for the name of the screening company. For more information, see:

www.privacyrights.org/fs/fs6b-SpecReports.htm#8



More Information

Employers claim that credit reports can help them prevent workplace fraud and theft and predict whether an applicant will be a responsible worker. However, research does not confirm this, and there are many downsides to using credit reports for employment purposes. Credit reports are notorious for having errors. The reports provide no context, and poor credit may be caused by identity theft, divorce, a death in the family, or medical issues. The use of credit reports can be a huge invasion of privacy! This practice also disproportionately impacts minorities, who tend to have worse credit, especially because predatory lending and credit practices are often targeted at minority communities. Ultimately, the use of credit reports in hiring decisions can leave many applicants in a "catch-22" situation—they are unable to pay their bills, but they cannot get a job because of their poor credit!

To find out more about the problems associated with using credit reports in employment decisions, visit the Access Campaign website:

www.lawyerscommittee.org/projects/employment_discrimination/page?id=0059

For more information about your rights under the FCRA, visit the Federal Trade Commission website:

www.ftc.gov/credit

If you believe an employer discriminated against you due to your race and/or your credit history check, call us at (888) 324-7578, or complete an intake questionnaire on the Lawyers' Committee website:

www.lawyerscommittee.org/contact/intake

The Access Campaign is a project of the



Access Campaign: Equal Access to Jobs Now!
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The Access Campaign:

Equal Access to Jobs Now!



Know Your Rights

*Job Seekers' Guide
to Employers' Use of
Credit History
Checks*



As a job seeker, you should know that **60%** of employers conduct credit checks on at least some of the employees they hire.¹ Credit reports are provided to employers by consumer reporting agencies (CRAs), which include the three major credit bureaus (Equifax, Experian, and TransUnion). Some employers use credit checks to screen out applicants with poor credit.

Credit checks are considered consumer reports under the **Fair Credit Reporting Act (FCRA)**. Under the FCRA, an employer may obtain a consumer report to use for "employment purposes," which include hiring, promotion, reassignment, and retention. Employers must abide by certain requirements under the FCRA when obtaining a credit report or other consumer report.

What rights do I have when an employer runs a credit check on me?

An employer must give you **written notice** that a consumer report may be obtained for the purpose of evaluating you for employment opportunities. This should be separate from other documents, like the application.

An employer must obtain your **written authorization** before obtaining your credit report. However, if you refuse access, it may result in your not being considered for the job.

If an employer decides to take an adverse action (such as not hiring you) based on information in your credit report, the employer must provide you with a **copy of the report** and a copy of "**A Summary of Your Rights under the Fair Credit Reporting Act**" before taking the adverse action.

After an employer makes an adverse decision based in whole or in part on information in your credit report, the employer must notify you with an **adverse action notice**.

What can an employer find out about my credit history?

The credit reports received by employers generally do not contain your credit score (which is a "snapshot" of your credit risk at a particular point in time frequently used by lenders). However, these reports do contain personal information. For example, Experian's "Employment Insight"² report can include the following:

- Identification, including Social Security Number
- Address information, including length of time at current and previous addresses
- Previous work history
- Other names, such as maiden names and aliases
- Public records information, including bankruptcies, liens, and judgments
- Credit history
- Verification of driver's license and phone number

What if an employer does not follow the Fair Credit Reporting Act?

The FCRA allows the Federal Trade Commission (FTC), other federal agencies, states, and individuals to sue employers who do not comply with its procedures. If you think an employer has violated the FCRA, you can file a complaint with the FTC at:

www.ftccomplaintassistant.gov

Are there other laws that protect me?

Title VII of the Civil Rights Act of 1964 prohibits employers from discriminating against employees and applicants based on protected categories including race and sex. Employer policies of using credit checks to screen out job applicants often disproportionately impact minority applicants and may violate Title VII. If this is the case, you can file a charge with the EEOC within 300 days of your rejection, and the employer must be able to show that the credit report is actually related to the job.

Some **state laws** have additional limitations on whether and how employers can use credit reports for certain types of positions.

To find out more about your Title VII protections and if your state has additional protections, you can contact your local Equal Employment Opportunity Commission (EEOC) office:

www.eeoc.gov/field/index.cfm

¹ Society for Human Resource Management, *Background Checking: The Implications of Credit Background Checks in Hiring Decisions* (2010)

² Experian, "Employment Insight" (March 2009), <http://www.experian.com/products/pdf/Employment-Insight.pdf>

