



Topline: This bill is yet another attempt by the Democrats to socialize the credit reporting and scoring industry. Disguised as a pro-consumer bill, H.R. 5332 will only decrease competition, increase fraud risk, prop up the trial bar, and expand the authority of the CFPB.

H.R. 5332:

Mandates that the three nationwide Credit Reporting Agencies create a shared online “portal” to allow unlimited and free consumer access to credit information, credit freezes, and dispute resolution.

- Republicans support “one stop shopping” for consumer information while maintaining individual company platforms as independent enterprises and limiting government intrusion.
- The largest players in the industry effectively operate as an oligopoly. This bill furthers that oligopoly by mandating many of their services be merged into a single website.
- The bill fails to ensure that appropriate cyber protections are in place to secure the information on the portal.
- Congress should work to promote more competition in the credit reporting and scoring industry.

Requires that complete Social Security Numbers (SSNs) be used to confirm a consumer’s identity without setting appropriate standards to protect the information.

- This bill mandates the credit reporting agencies match all nine digits of a consumer’s SSN before including any information in a consumer credit report. This will have two negative consequences:
 - o Valuable and otherwise accurate information will be excluded from credit reports because a SSN is not reported. Barriers to accurate reporting decrease the predictive power of credit files and jeopardize the availability of low-cost credit for consumers.
 - o Data furnishers will start aggressively capturing SSNs from consumers, which creates additional exposure to risk of fraudulent activity.
- Committee Republicans have consistently expressed concern with the private sector and government’s use of SSNs for identity verification. This bill will only exacerbate the problem by legally mandating an increased reliance on SSNs.

Creates additional opportunities for trial attorneys to exploit the litigation system, ultimately raising the cost of credit for all consumers.

- This bill expands the private right of action under the Fair Credit Reporting Act to allow for injunctive relief. It further provides plaintiffs with compensation for attorneys’ fees. This means more litigation that will increase the cost of credit reporting.
- This bill allows consumers to continuously dispute information, even if the account is verified as accurate, promoting an endless cycle of frivolous reinvestigations.



Financial Services Committee Overview:

H.R. 5332

June 22, 2020

Continues the Democrats' goal of expanding the statutory authority of the Consumer Financial Protection Bureau (CFPB).

- This bill creates a duplicative ombudsman at the CFPB for credit reporting, in addition to the existing consumer-facing ombudsman. The new ombudsman would have authority to advise and recommend enforcement actions.
- Since its creation, Congressional Republicans have fought to place the unaccountable government agency under the annual appropriations process and have argued that the single director structure is unconstitutional, which is currently being litigated before the Supreme Court.
- While the current CFPB Director is working to increase accountability and transparency at the agency, there is no guarantee that the next Director will not abuse his or her power.

Republicans have proposed H.R. 3821, a more targeted solution, to bolster cyber security capability at credit reporting agencies, encourage an alternative to the use of Social Security Numbers, protect minors against fraud, and help consumers who may be facing medical debt as a result of the global health crisis.