

## **Employers and Consumer Reports**

Consumer reports can be used for a wide range of “employment purposes,” including evaluating applicants for employment and current employees for promotions, reassignments, and retention. The Fair Credit Reporting Act (“FCRA”) regulates the procedures consumer credit reporting agencies and employers use to collect information about individuals. Employers may be liable for civil penalties or sued for damages in federal court if they do not follow the FCRA’s procedures for requesting consumer reports.

### **Employer Procedures for Obtaining Consumer Reports**

Before requesting a consumer report or investigative consumer report, an employer must notify an individual in writing and receive his or her written authorization. Additionally, an employer must certify that the requested information will not be used in violation of federal or state equal employment opportunity laws or regulations.

Employers can use the information in consumer reports to make adverse determinations, including denying job applications. Before taking an adverse action, an employer is required to provide an individual with a copy of his or her consumer report and a copy of “A Summary of Your Rights Under the Fair Credit Reporting Act.” If an adverse action is taken, an employer must provide an individual with an oral, electronic, or written notice of its adverse action. This notice must include the contact information (name, address, and telephone number, including a toll-free number for a nation-wide agency) of the credit reporting agency supplying the report and a statement indicating that the credit reporting agency played no role in making the adverse determination. Moreover, an adverse action notice must inform an individual of his or her right to dispute the contents of the consumer report and state that he or she can request an additional free consumer report from the credit reporting agency within 60 days.