



One in four credit reports has serious errors

Study: Mistakes can have dire consequences for consumers

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WASHINGTON - One in four credit reports has errors that are serious enough to disqualify consumers from buying a home, opening a bank account or getting a job — and an overwhelming majority contain mistakes of some kind, according to a survey released Thursday by a consumer group.

Serious errors found in the credit profiles maintained on some 90 percent of American adults include consumer accounts incorrectly listed as delinquent or in collection or that actually belong to another person, said the report by Public Interest Research Group.

Of the 197 credit reports collected from people in 30 states, 79 percent had some sort of error, while 54 percent included personal identifying information that was misspelled, outdated, belonged to someone else or was otherwise incorrect. Thirty percent contained credit accounts that consumers had closed but that remained listed as open. Nearly 8 percent were missing major credit, loan or mortgage accounts that indicate creditworthiness, PIRG said.

"The big credit bureaus and big business tolerate big mistakes in credit reports," said Ed Mierzwinski, PIRG's consumer program director. "But those mistakes ruin the financial reputations of hardworking Americans."

The three largest credit-reporting agencies — Equifax, Experian and Trans Union — collect information from banks, mortgage companies and other creditors and from public records related to lawsuits, bankruptcy filings and tax liens. They sell the consumer reports to credit grantors as well as landlords, employers, insurance companies and utilities, which increasingly use them to help determine the likelihood that a person will pay obligations.

Spokesmen for Experian and Trans Union didn't immediately return telephone calls seeking comment on the PIRG survey. Equifax spokesmen couldn't immediately be reached.

PIRG and other groups advise consumers to examine their reports from all three credit bureaus at least once a year before applying for new credit. The reports are available without charge in several states, and will be provided free nationwide by late next year.

Previous studies by consumer groups also have shown frequent errors and omissions in credit reports. Besides being denied new credit, a consumer with an inaccurate report can unfairly be charged high interest rates as a "subprime," or potentially risky, borrower.

In 1996, Congress required Equifax, Experian and Trans Union to provide consumers with a toll-free telephone number and access to credit bureau personnel during normal business hours, with a view to helping people resolve mistakes in their credit reports.

In January 2000, the three agencies paid a total \$2.5 million to settle FTC allegations that they blocked calls from more than a million consumers who wanted to discuss their credit reports. Many people also were kept on hold for unreasonable amounts of time, the federal agency said.

The settlements required the bureaus to answer consumer calls within 3 1/2 minutes on average and ensure that 90 percent of callers don't get a busy signal.

Last July, Equifax agreed to pay \$250,000 to resolve the Federal Trade Commission's allegations that it didn't do enough in 2001 to answer calls from consumers inquiring about their credit reports. Atlanta-based Equifax did not acknowledge breaking any laws in its settlement with the agency.

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