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Consumer bureau to police credit reporting bureaus

NEW YORK (AP) -- The companies that determine Americans' credit scores are about to come under the oversight of the nation's new consumer watchdog.

The Consumer Financial Protection Bureau said Monday that it will start supervising the 30 largest firms that make up 94 percent of the industry. That includes the three big credit reporting firms: Equifax Inc., Experian and TransUnion.

In remarks prepared for a speech Monday, Richard Cordray, the government agency's director, said that scorekeeping by credit bureaus plays such a large role in Americans' financial lives, it requires scrutiny.

The CFPB said its oversight may include on-sight examinations, and that it may require credit bureaus to file reports.

"It's a wonderful thing for the American public," said Pamela Banks, the senior policy counsel

for Consumers Union, the policy arm of Consumer Reports. "Now there's somebody on their side."

Banks said she expects that when people dispute details on their credit reports, credit bureaus will now act more quickly to fix any problems. "They won't want the CFPB breathing down their necks," she said.

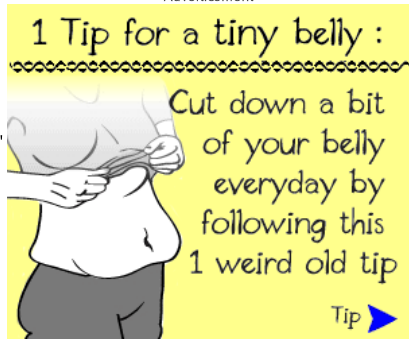
The announcement Monday wasn't a total surprise, according to industry observers, because the CFPB had hinted earlier this year that it was considering supervising the industry.

Gerry Tschopp, a spokesman for Experian, said the government already oversees the industry, because the Federal Trade Commission has been responsible for enforcing the Fair Credit Reporting Act since it became law in 1970.

"We're not a stranger to regulation," he said. "We've been regulated for four-plus decades."

Tschopp said he had "no concerns" about the agency's oversight. A statement from Experian said the company and the CFPB both shared the goal of helping consumers get "access to fair and affordable credit."

Jon Ulzheimer, president of consumer education at SmartCredit.com and a former Equifax employee, said the CFPB may soon clarify what the Fair Credit



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Reporting Act requires or credit bureaus, a constant source of debate in the consumer credit world. When people challenge what's in their credit report, the Fair Credit Reporting Act requires the bureaus to investigate.

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"But what exactly constitutes a reasonable investigation?" Ulzheimer asks. "The act doesn't say."

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What often happens is that the credit bureaus simply double-check their original numbers, he said. "There's really no quote-unquote 'investigation.'"

Each of the three major credit reporting agencies maintains files on more than 200 million Americans. These reports are filled with a history of loan payments, credit card accounts and other financial details. Past behavior, from late payments to credit-card balances, is used to create a credit score.

Banks and other lenders use these scores to measure eligibility for mortgages, credit cards and a wide variety of other consumer loans. Some landlords check them to screen prospective renters, and some companies check credit reports - but not scores- before hiring a new employee. Low scores or problematic credit histories can mean higher

interest rates or rejected applications.

There have been thousands of complaints about credit reports from consumers who claim they are unsuccessful getting credit reporting agencies to correct inaccurate information.

The protection bureau will start regulating the industry after the new rule takes effect on Sept. 30.

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1 Tip for a tiny belly :



Cut down a bit of your belly everyday by following this 1 weird old tip

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