

113TH CONGRESS  
2D SESSION

# S. 2224

To enhance the accuracy of credit reporting and provide greater rights to consumers who dispute errors in their credit reports, and for other purposes.

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## IN THE SENATE OF THE UNITED STATES

APRIL 9, 2014

Mr. SCHATZ (for himself, Mr. BROWN, Ms. WARREN, Mr. SANDERS, and Mr. BLUMENTHAL) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To enhance the accuracy of credit reporting and provide greater rights to consumers who dispute errors in their credit reports, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Stop Errors in Credit  
5 Use and Reporting Act” or the “SECURE Act”.

6 **SEC. 2. LEGAL RECOURSE FOR CONSUMERS.**

7 (a) INJUNCTIVE RELIEF.—The Fair Credit Report-  
8 ing Act (15 U.S.C. 1681 et seq.) is amended—

9 (1) in section 616—

1 (A) in subsection (a), by striking “(a) IN  
2 GENERAL.—” and inserting “(a) DAMAGES.—  
3 ”;

4 (B) by redesignating subsections (c) and  
5 (d) as subsections (d) and (e), respectively; and

6 (C) by inserting after subsection (b) the  
7 following:

8 “(c) INJUNCTIVE RELIEF.—In addition to any other  
9 remedy set forth in this section, a court may award injunc-  
10 tive relief to require compliance with the requirements im-  
11 posed under this title with respect to any consumer. In  
12 the event of any successful action for injunctive relief  
13 under this subsection, the court may award to the pre-  
14 vailing party costs and reasonable attorney fees (as deter-  
15 mined by the court) incurred during the action by such  
16 party.”; and

17 (2) in section 617—

18 (A) in subsection (a), by striking “(a) IN  
19 GENERAL.—” and inserting “(a) DAMAGES.—  
20 ”;

21 (B) by redesignating subsection (b) as sub-  
22 section (c); and

23 (C) by inserting after subsection (a) the  
24 following:

1       “(b) INJUNCTIVE RELIEF.—In addition to any other  
 2 remedy set forth in this section, a court may award injunc-  
 3 tive relief to require compliance with the requirements im-  
 4 posed under this title with respect to any consumer. In  
 5 the event of any successful action for injunctive relief  
 6 under this subsection, the court may award to the pre-  
 7 vailing party costs and reasonable attorney fees (as deter-  
 8 mined by the court) incurred during the action by such  
 9 party.”.

10       (b) ENFORCEMENT BY FEDERAL TRADE COMMIS-  
 11 SION.—Section 621(a)(2)(A) of the Fair Credit Reporting  
 12 Act (15 U.S.C. 1681s(a)(2)(A)) is amended—

13               (1) by striking “(A) KNOWING VIOLATIONS.—”  
 14       and inserting “(A) NEGLIGENT, WILLFUL, OR  
 15       KNOWING VIOLATIONS.—”; and

16               (2) by inserting “negligent, willful, or” before  
 17       “knowing”.

18 **SEC. 3. INCREASED REQUIREMENTS FOR CONSUMER RE-**  
 19 **PORTING AGENCIES AND FURNISHERS OF IN-**  
 20 **FORMATION.**

21       (a) PROVISION AND CONSIDERATION OF DOCU-  
 22 MENTATION PROVIDED BY CONSUMERS.—The Fair Credit  
 23 Reporting Act (15 U.S.C. 1681 et seq.) is amended—

24               (1) in section 611—

25                       (A) in subsection (a)—

1 (i) in paragraph (2)—

2 (I) in subparagraph (A), by in-  
3 serting “, including all documentation  
4 provided by the consumer” after “re-  
5 ceived from the consumer or reseller”;  
6 and

7 (II) in subparagraph (B), by in-  
8 serting “, including all documentation  
9 provided by the consumer,” after  
10 “from the consumer or reseller”; and

11 (ii) in paragraph (4), by inserting “,  
12 including all documentation,” after “rel-  
13 evant information”; and

14 (B) in subsection (f)(2)(B)(ii), by inserting  
15 “, including all documentation,” after “relevant  
16 information”; and

17 (2) in section 623—

18 (A) in subsection (a)(8)(E), by striking  
19 clause (ii) and inserting the following:

20 “(ii) review and consider all relevant  
21 information, including all documentation,  
22 provided by the consumer with the no-  
23 tice;”; and

24 (B) in subsection (b)(1), by striking sub-  
25 paragraph (B) and inserting the following:

1           “(B) review and consider all relevant infor-  
2           mation, including all documentation, provided  
3           by the consumer reporting agency pursuant to  
4           section 611(a)(2);”.

5           (b) GATHERING AND REPORTING OF INFORMATION  
6           RELATING TO CONSUMER DISPUTES.—Section 611 of the  
7           Fair Credit Reporting Act (15 U.S.C. 1681 et seq.) is  
8           amended by adding at the end the following:

9           “(g) GATHERING AND REPORTING OF INFORMATION  
10          RELATING TO CONSUMER DISPUTES.—

11           “(1) REPORTS REQUIRED.—The Bureau shall  
12           provide reports regarding the disputes described in  
13           subsection (a)(1) received by consumer reporting  
14           agencies in such intervals and to such parties as the  
15           Bureau deems appropriate.

16           “(2) GATHERING OF INFORMATION.—The Bu-  
17           reau shall prescribe rules for the gathering of infor-  
18           mation relating to disputes described in subsection  
19           (a)(1) received by consumer reporting agencies to be  
20           used in generating the reports under paragraph (1),  
21           including rules establishing—

22           “(A) the type and format of information  
23           that shall be received by the Bureau from each  
24           consumer reporting agency; and

1           “(B) the frequency of receipt of the infor-  
2           mation from consumer reporting agencies.”.

3           (c) ACCURACY COMPLIANCE PROCEDURES.—Section  
4 607 of the Fair Credit Reporting Act (15 U.S.C. 1681e)  
5 is amended by striking subsection (b) and inserting the  
6 following:

7           “(b) ACCURACY OF REPORT.—

8           “(1) IN GENERAL.—A consumer reporting  
9           agency shall follow reasonable procedures when pre-  
10          paring a consumer report to assure maximum pos-  
11          sible accuracy of the information concerning the in-  
12          dividual to whom the consumer report relates.

13          “(2) BUREAU RULE TO ASSURE MAXIMUM POS-  
14          SIBLE ACCURACY.—

15          “(A) PROPOSED RULE.—Not later than 1  
16          year after the date of enactment of the Stop  
17          Errors in Credit Use and Reporting Act, the  
18          Bureau shall issue a proposed rule establishing  
19          the procedures that a consumer reporting agen-  
20          cy must follow to assure maximum possible ac-  
21          curacy of all consumer reports furnished by the  
22          agency in compliance with this subsection.

23          “(B) CONSIDERATIONS.—When formu-  
24          lating the rule required under subparagraph  
25          (A), the Bureau shall consider if requiring the

1 matching of the following information would  
2 improve the accuracy of consumer reports:

3 “(i) The first name and last name of  
4 a consumer.

5 “(ii) The date of birth of a consumer.

6 “(iii) All 9 digits of the social security  
7 number of a consumer.

8 “(iv) Any other information that the  
9 Bureau determines would aid in assuring  
10 maximum possible accuracy of all con-  
11 sumer reports furnished by consumer re-  
12 porting agencies in compliance with this  
13 subsection.”.

14 (d) RESPONSIBILITIES OF FURNISHERS OF INFOR-  
15 MATION TO CONSUMER REPORTING AGENCIES.—Section  
16 623(a)(8)(F)(i)(II) of the Fair Credit Reporting Act (15  
17 U.S.C. 1681s-2(a)(8)(F)(i)(II)) is amended by inserting  
18 ,“ and does not include any new or additional information  
19 that would be relevant to a reinvestigation” before the pe-  
20 riod.

21 (e) DISCLOSURES TO CONSUMERS.—Section 609 of  
22 the Fair Credit Reporting Act (15 U.S.C. 1681g) is  
23 amended—

1           (1) in subsection (a)(3)(B), by striking “; and”  
2           and all that follows through the end of subparagraph  
3           (B) and inserting the following:

4                   “(ii) the address and telephone num-  
5                   ber of the person; and

6                   “(iii) the permissible purpose of the  
7                   person for obtaining the consumer report,  
8                   including the specific type of credit product  
9                   that is extended, reviewed, or collected as  
10                  described in section 604(a)(3)(A).”;

11          (2) in subsection (f)—

12                  (A) by amending paragraph (7)(A) to read  
13                  as follows:

14                   “(A) supply the consumer with a credit  
15                   score that—

16                           “(i) is derived from a credit scoring  
17                           model that is widely distributed to users by  
18                           the consumer reporting agency for the pur-  
19                           pose of any extension of credit or other  
20                           transaction designated by the consumer  
21                           who is requesting the credit score; or

22                           “(ii) is widely distributed to lenders of  
23                           common consumer loan products and pre-  
24                           dicts the future credit behavior of the con-  
25                           sumer; and”;



1 (B) in paragraph (8), by inserting “, ex-  
 2 cept that a credit score shall be provided free  
 3 of charge to the consumer if requested in con-  
 4 nection with a free annual consumer report de-  
 5 scribed in section 612(a)” before the period;  
 6 and

7 (3) in subsection (g)(1)—

8 (A) by striking subparagraph (C); and

9 (B) by redesignating subparagraphs (D)  
 10 though (G) as subparagraphs (C) through (F),  
 11 respectively.

12 (f) NOTIFICATION REQUIREMENTS.—

13 (1) ADVERSE INFORMATION NOTIFICATION.—

14 The Fair Credit Reporting Act (15 U.S.C. 1681 et  
 15 seq.) is amended—

16 (A) in section 612, by striking subsection

17 (b) and inserting the following:

18 “(b) FREE DISCLOSURE AFTER NOTICE OF AD-  
 19 VERSE ACTION OR OFFER OF CREDIT ON MATERIALLY  
 20 LESS FAVORABLE TERMS.—

21 “(1) IN GENERAL.—Not later than 14 days  
 22 after the date on which a consumer reporting agency  
 23 receives a notification under subsection (a)(2) or  
 24 (h)(6) of section 615, or from a debt collection agen-  
 25 cy affiliated with the consumer reporting agency, the

1 consumer reporting agency shall make, without  
2 charge to the consumer, all disclosures required in  
3 accordance with the rules prescribed by the Bureau  
4 under section 609(h).

5 “(2) TRANSITION PERIOD.—After the effective  
6 date of the provisions of the Stop Errors in Credit  
7 Use and Reporting Act and before the Bureau has  
8 finalized the rule required under section 609(h), a  
9 consumer reporting agency that is required to make  
10 disclosures under this subsection shall provide to the  
11 consumer a copy of the current credit report on the  
12 consumer and any other disclosures required under  
13 this Act or the Stop Errors in Credit Use and Re-  
14 porting Act, without charge to the consumer.”; and

15 (B) in section 615(a)—

16 (i) by redesignating paragraphs (2),  
17 (3) and (4) as paragraphs (3), (4), and (5)  
18 respectively;

19 (ii) by inserting after paragraph (1)  
20 the following:

21 “(2) direct the consumer reporting agency that  
22 provided the consumer report used in the decision to  
23 take the adverse action to provide the consumer with  
24 the disclosures described in section 612(b);” and

1 (iii) in paragraph (5), as redesignated  
2 by this paragraph—

3 (I) in the matter preceding sub-  
4 paragraph (A), by striking “of the  
5 consumer’s right”;

6 (II) by striking subparagraph (A)  
7 and inserting the following:

8 “(A) that the consumer will receive a copy  
9 of the consumer report on the consumer, free of  
10 charge, from the consumer reporting agency  
11 that furnished the consumer report; and”;

12 (III) in subparagraph (B), by in-  
13 serting “of the right of the consumer”  
14 before “to dispute”.

15 (2) NOTIFICATION IN CASES OF LESS FAVOR-  
16 ABLE TERMS.—Section 615(h) of the Fair Credit  
17 Reporting Act (15 U.S.C. 1681m(h)) is amended—

18 (A) in paragraph (1), by striking “para-  
19 graph (6)” and inserting “paragraph (7)”;

20 (B) in paragraph (2), by striking “para-  
21 graph (6)” and inserting “paragraph (7)”;

22 (C) in subparagraph (5)(C), by striking  
23 “may obtain” and inserting “will receive”

1 (D) by redesignating paragraphs (6), (7),  
2 and (8) as paragraphs (7), (8), and (9), respec-  
3 tively; and

4 (E) by inserting after paragraph (5) the  
5 following:

6 “(6) REPORTS PROVIDED TO CONSUMERS.—A  
7 person who uses a consumer report as described in  
8 paragraph (1) shall notify and direct the consumer  
9 reporting agency that provided the consumer report  
10 to provide the consumer with the disclosures de-  
11 scribed in section 612(b).”.

12 (3) NOTIFICATION OF SUBSEQUENT SUBMIS-  
13 SIONS OF NEGATIVE INFORMATION.—Section  
14 623(a)(7)(A)(ii) of the Fair Credit Reporting Act  
15 (15 U.S.C. 1681s-2(a)(7)(A)(ii)) by striking “or  
16 customer” and inserting “or” before “account”.

17 (4) BUREAU RULE DEFINING CERTAIN DISCLO-  
18 SURE REQUIREMENTS.—Section 609 of the Fair  
19 Credit Reporting Act (15 U.S.C. 1681g) is amended  
20 by adding at the end the following:

21 “(h) BUREAU RULE DEFINING CERTAIN DISCLO-  
22 SURE REQUIREMENTS.—

23 “(1) PROPOSED RULE.—Not later than 1 year  
24 after the date of enactment of the Stop Errors in  
25 Credit Use and Reporting Act, the Bureau shall

1 publish a proposed rule to implement the disclosure  
2 requirements described in section 612(b).

3 “(2) CONSIDERATIONS.—In formulating the  
4 rule required under paragraph (1), the Bureau shall  
5 consider—

6 “(A) what information would enable con-  
7 sumers to determine the reasons for which a  
8 person took adverse action or offered credit on  
9 materially less favorable terms and to verify the  
10 accuracy of such information; and

11 “(B) how to provide the information de-  
12 scribed in subparagraph (A) while protecting  
13 consumer privacy, including procedures to en-  
14 sure that such information is provided to the  
15 consumer at the appropriate address.”.

16 **SEC. 4. REGULATORY REFORM.**

17 Section 621 of the Federal Credit Reporting Act (15  
18 U.S.C. 1681s) is amended by adding at the end the fol-  
19 lowing:

20 “(h) CONSUMER REPORTING AGENCY REGISTRY.—

21 “(1) ESTABLISHMENT OF REGISTRY.—Not later  
22 than 180 days after the date of enactment of the  
23 Stop Errors in Credit Use and Reporting Act, the  
24 Bureau shall establish 3 publicly available registries  
25 of consumer reporting agencies, including—

1           “(A) a registry of nationwide consumer re-  
2           porting agencies as described in section 603(p);

3           “(B) a registry of nationwide specialty con-  
4           sumer reporting agencies as defined in section  
5           603(x); and

6           “(C) a registry of all other consumer re-  
7           porting agencies included under subsection  
8           603(f) that are not included under section  
9           603(p) or 603(x).

10          “(2) REGISTRATION REQUIREMENT.—All con-  
11          sumer reporting agencies as defined in section  
12          603(f) must register with one of the registries estab-  
13          lished by the Bureau under this subsection in a  
14          timeframe established by the Bureau.”.

15 **SEC. 5. STUDY OF A PUBLIC CREDIT REPORTING SYSTEM.**

16          (a) STUDY.—Not later than 6 months after the date  
17          of enactment of this Act, the Comptroller General of the  
18          United States shall undertake a study—

19                 (1) of credit systems in the international credit  
20                 system with government-administered consumer  
21                 credit reporting systems;

22                 (2) of available information regarding the accu-  
23                 racy of existing government-administered consumer  
24                 credit reporting systems;

1           (3) to evaluate the feasibility of a national, gov-  
2           ernment-administered consumer credit reporting sys-  
3           tem;

4           (4) of any consumer benefits that might reason-  
5           ably be expected to result from a government-admin-  
6           istered consumer credit report; and

7           (5) of any costs that might result from a gov-  
8           ernment-administered consumer credit reporting sys-  
9           tem in the United States.

10          (b) PUBLICATION OF FINDINGS.—Not later than 18  
11          months after the date of enactment of this Act, the Comp-  
12          troller General of the United States shall publish the find-  
13          ings under subsection (a).

14          **SEC. 6. EFFECTIVE DATE.**

15          Except as otherwise provided in this Act and the  
16          amendments made by this Act, the provisions of this Act  
17          and the amendments made by this Act shall take effect  
18          6 months after the date of enactment of this Act.

○