

CFPB Takes Action to Stop False Identification by Background Screeners

Mistaken identity matching undermines housing and labor market recoveries

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WASHINGTON, D.C. – The CFPB today issued an advisory opinion affirming that consumer reporting companies, including tenant and employment screening companies, are violating the law if they engage in shoddy name-matching procedures. Regulators are concerned about the significant harms caused by false identity matching, where an applicant is disqualified from rental housing or a job based on having the same name as another individual with negative information in their credit history. Specifically, the CFPB affirmed that the practice of matching consumer records solely through the matching of names is illegal under the Fair Credit Reporting Act.

For Black and Hispanic communities, who were disproportionately affected by the pandemic, the need for accuracy is even more acute. The risk of mistaken identities from name-only matching is likely to be greater among Hispanic, Black, and Asian communities because there is less surname diversity in those populations compared to the white population. With families across the country seeking affordable rental units and new employment, careless background screening practices can unnecessarily contribute to housing instability and unemployment.

"When background screening companies and their algorithms carelessly assign a false identity to applicants for jobs and housing, they are breaking the law," said CFPB Director Rohit Chopra. "No one should lose out on a job or an apartment because of sloppy and illegal matching. Error-ridden background screening reports may disproportionately impact communities of color, further undermining an equitable recovery."

"Today's advisory opinion reaffirms that shutting people out of housing and other opportunities based on careless errors isn't only wrong – it's illegal," said Federal Trade Commission Chair Lina M. Khan. "The FTC strongly supports this longstanding interpretation and stands ready to work with the CFPB to protect American families."

In the United States, the majority of landlords and employers rely on tenant screeners and employment background checks in the course of deciding whether to accept a rental application or offer someone a job. Some of the companies providing these services are subsidiaries of the nationwide credit reporting agencies, while others are newer entrants to

the background screening industry. Because of the sheer scale of background screening activity, even ostensibly low error rates can harm significant numbers of consumers.

Today's advisory opinion affirms the obligations and requirements of consumer reporting companies, including background screeners, to use reasonable procedures to assure maximum possible accuracy. The CFPB and federal courts have consistently found that the use of name-only matching procedures—when a consumer reporting company uses only first and last name to determine whether a particular item of information relates to a particular consumer, without using other personally identifying information such as address, date of birth, or Social Security number—does not assure maximum possible accuracy of consumer information. The advisory opinion does not create a safe harbor to use insufficient matching procedures involving multiple identifiers. Other practices, for instance name combined with a date of birth, could also lead to cases of mistaken identity.

The Fair Credit Reporting Act promotes the accuracy, fairness, and privacy of information in the files of consumer reporting companies. There are many types of consumer reporting companies, including the nationwide CRAs—Equifax, Experian, and TransUnion—as well as specialty companies that sell information about individuals' check writing histories, medical records, or rental history records.

The CFPB will be working closely with the Federal Trade Commission to root out illegal conduct in the background screening industry. Background screening companies that violate the Fair Credit Reporting Act can be liable for significant civil penalties, restitution for victims, damages, and other relief.

Consumers who have a problem with credit or consumer reporting, such as tenant screening or background checks, can submit a complaint to the CFPB [online \(https://www.consumerfinance.gov/complaint/\)](https://www.consumerfinance.gov/complaint/) or by calling (855) 411-CFPB (2372). More educational resources are available on the CFPB website, including:

- [What should I do if my rental application is denied due to a tenant screening report? \(cfpb.gov/askcfpb/2105\)](https://www.consumerfinance.gov/askcfpb/2105)
- [Could I be turned down for a job because of something in my credit report? \(cfpb.gov/askcfpb/1345\)](https://www.consumerfinance.gov/askcfpb/1345)
- [Know your data: Our updated list of reporting companies \(https://www.consumerfinance.gov/about-us/blog/know-your-data-our-updated-list-of-reporting-companies/\)](https://www.consumerfinance.gov/about-us/blog/know-your-data-our-updated-list-of-reporting-companies/)

[Read today's advisory opinion. !\[\]\(a870788d6ed9b8fd294b7654a8c8526b_img.jpg\) \(https://files.consumerfinance.gov/f/documents/cfpb_name-only-matching_advisory-opinion_2021-11.pdf\)](https://files.consumerfinance.gov/f/documents/cfpb_name-only-matching_advisory-opinion_2021-11.pdf)

[Read the full statement of CFPB Director Rohit Chopra on this action. \(cfpb.gov/about-us/newsroom/statement-regarding-the-advisory-opinion-to-curb-false-identity-matching/\)](https://www.consumerfinance.gov/about-us/newsroom/statement-regarding-the-advisory-opinion-to-curb-false-identity-matching/)

The Consumer Financial Protection Bureau is a 21st century agency that implements and enforces Federal consumer financial law and ensures that markets for consumer financial products are fair, transparent, and competitive. For more information, visit [consumerfinance.gov](https://www.consumerfinance.gov) (cfpb.gov).

Topics

- [TENANT SCREENING](https://www.consumerfinance.gov/about-us/newsroom/?topics=tenant-screening) (CFPB.GOV/ABOUT-US/NEWSROOM/?TOPICS=TENANT-SCREENING)
- [CONSUMER COMPLAINTS](https://www.consumerfinance.gov/about-us/newsroom/?topics=consumer-complaints) (CFPB.GOV/ABOUT-US/NEWSROOM/?TOPICS=CONSUMER-COMPLAINTS)

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