

April 30, 2018

Dear Representative,

The undersigned 85 national and state-based organizations and leaders - representing communities, consumers, servicemembers, and workers - write in opposition to S. 2155 as it proceeds to the House. In particular we would like to highlight how it benefits the three national credit bureaus at the expense of average consumers and our military servicemembers.

**These problems are in addition to those posed by the bill's core provisions, which, despite supporters' claims, are likely to increase mortgage fraud, racial discrimination, and risky banking.** (Detailed letters and statements are available [here](#).)

After 10 years since the Great Recession and 8 months since news of the Equifax data breach, we are alarmed to see Congress moving to stack the deck in favor of banks of all sizes and the credit bureaus.

**Below is further explanation of the three credit bureau related problems in the bill:**

S. 2155 replaces stronger state laws against ID theft, denies servicemembers their right to a day in court, and paves the way for Equifax and the other Big 3 credit bureaus to take over the scoring marketplace.

#### **I. Overriding State Credit Freeze Laws**

Section 301 of the bill eliminates fees for placing and lifting credit freezes but preempts, or overrides, and replaces stronger state freeze laws.

The best thing consumers can do after the Equifax breach, whether they were affected by it or not, is to get credit freezes at all three national bureaus. Freezes block access to your credit reports. Therefore, if identity thieves apply for an account using your stolen birthdate and social security number, they won't succeed.

In most states, it costs \$3-10 to get a freeze at each bureau. You also have to pay \$2-12 every time you want to temporarily lift a freeze to apply for credit, or in some cases, a job.

Consumers shouldn't have to pay to control or protect their financial information when they didn't give credit bureaus permission to collect or sell it in the first place.

While the free freeze in the federal bill may sound good, it comes with an unacceptable string attached: it preempts and replaces stronger-overall state freeze laws with a weaker national one.

For example, several states also apply the credit freeze to checks for employment and insurance, where identity theft can be a problem. This bill limits freezes to checks for credit applications.

This bill could also prevent states from taking stronger actions, such as automatically freezing consumer credit reports.

## II. Granting New Rights without Legal Recourse for Servicemembers

We recommend against paying for credit monitoring because, at best, it catches new account identity theft after it has occurred and there are free options available to get that information.

Section 302 of the Senate bill provides a right to free credit monitoring for active duty servicemembers. However, if the credit bureaus fail to comply with that right, for example, by not providing the service or not providing notification of scams, our troops won't get their fundamental American right to a day in court. For the first time, consumers -- in this case, servicemembers -- would be denied private right of action against the credit bureaus.

This harms our service families and military personnel readiness and also sets a bad precedent for the general public.

## III. Paving the Way for a Market Takeover

Section 310 of the bill appears designed to help Equifax, Experian, and TransUnion take over -- not compete in -- the credit scoring market. The credit bureaus already control our credit reports. Now, they want to control our credit scoring.

Currently, Fannie Mae and Freddie Mac use FICO, the independent industry standard for credit scoring, when processing mortgage applications. The new bill would force those agencies to consider scores from other companies, including VantageScore, a joint venture of the three national credit bureaus, in addition to or instead of FICO.

We generally support marketplace competition, but this bill will create a lot of redundancy. The Federal Housing Finance Agency is already reviewing different options, including VantageScore. This bill would disrupt the process and make FHFA start over, opening the door for the credit bureaus to gain control over a *new* process.

The Big Three credit bureaus have too much control over our financial information and opportunities already. We should have complete control over our information. **Congress should keep the credit bureaus in check. Instead, this bill helps them restrict consumer rights and take over the market.**

As long as any of S. 2155's core provisions and credit bureau related provisions remain in the House version, we urge you to oppose it. We will continue to watch this bill closely as it proceeds. Thank you for your attention on this important matter. If you have any questions about any of these provisions or consumer related amendments, please feel free to contact Mike Litt at [mlitt@pirg.org](mailto:mlitt@pirg.org).

Sincerely,

## **National Organizations**

AFL-CIO

American Family Voices

Americans for Financial Reform

Center for Digital Democracy

Change to Win

Constitutional Alliance

Consumer Watchdog

Consumers for Auto Reliability and Safety

Cyber Privacy Project

Demos

Franciscan Action Network

Government Accountability Project

Herd on the Hill

Interfaith Center on Corporate Responsibility

Main Street Alliance

National Association of Consumer Advocates

National Coalition for Asian Pacific American Community Development (National CAPACD)

National Consumer Law Center (on behalf of its low-income clients)

National Consumers League

National Military Family Association

National Rural Social Work Caucus

Other 98%

Privacy Rights Clearinghouse

Progressive Congress Action Fund

Public Citizen

Public Knowledge

Rootstrickers

Service Employees International Union (SEIU)

U.S. PIRG

UNITE HERE

Veterans Education Success

World Privacy Forum

## **State Organizations and Community Leaders**

### Alaska

AKPIRG

### Arizona

Arizona PIRG

### California

CALPIRG

### Colorado

COPIRG

### Connecticut

Connecticut Fair Housing Center

ConnPIRG

### Florida

Florida Consumer Action Network

Florida PIRG

Progress Florida

### Georgia

Georgia PIRG

Georgia Watch

### Illinois

Center for Changing Lives

Housing Action Illinois

Illinois PIRG

Northwest Side Housing Center

Woodstock Institute

Indiana

HomesteadCS

Iowa

Iowa PIRG

Maryland

Maryland PIRG

Massachusetts

MASSPIRG

Michigan

Interfaith Council for Peace and Justice  
PIRG in Michigan (PIRGIM)

Missouri

Missouri PIRG (MoPIRG)  
State Rep. Tracy McCreery  
Travois

Nebraska

Nebraska Appleseed

New Jersey

New Jersey Citizen Action  
NJPIRG

New Mexico

Generation Justice  
Interfaith Worker Justice - NM  
NMPIRG  
Prosperity Works

New York

Empire Justice Center  
Strong Economy for All

Ohio

Cleveland Jobs with Justice  
Ohio Alliance for Retired Americans Educational Fund  
Ohio PIRG  
Ohio Voter Rights Coalition  
Policy Matters Ohio

Oregon

Oregon PIRG (OSPIRG)

Pennsylvania

PennPIRG

Rhode Island

RIPIRG

Tennessee

Tennessee Citizen Action

Texas

TexPIRG

Vermont

VPIRG

Virginia

Virginia Citizens Consumer Council  
Virginia Organizing

Washington

WASHPIRG

West Virginia

National Association of Social Workers West Virginia Chapter

West Virginia Center on Budget & Policy

WV Citizen Action Group

WV Healthy Kids and Families Coalition

Wisconsin

WISPIRG