

FTC Facts

For Consumers



FEDERAL TRADE COMMISSION
FOR THE CONSUMER

ftc.gov ■ 1-877-ftc-help

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Employment Background Checks and Credit Reports

You've applied for a job. You sent a letter, made a phone call, submitted your resume. Perhaps you've had an interview. Did you know that when you apply for a job, an employer may ask your permission to do a background check before hiring you? Depending on the employer and the job, that background information might include your employment history, your driving record, criminal records, and your credit report.

Your credit report has information about where you live, how you pay your bills, and whether you have filed for bankruptcy. Credit reporting companies and other businesses that provide background information sell your file to employers that, in turn, use it to evaluate your applications for employment. Employers also are allowed to use these reports to consider you for retention, promotion or reassignment.



The Federal Trade Commission (FTC), the nation's consumer protection agency, enforces the Fair Credit Reporting Act (FCRA), a law that protects the privacy and accuracy of the information in your

credit report. The FCRA spells out your rights as a job applicant and an employer's responsibilities when using credit reports and other background information to assess your application. The law also enables you to get a free copy of your credit report by requiring each of the three national credit reporting companies —

TransUnion, Equifax, and Experian — to provide it to you every 12 months if you ask. That means if you stagger your requests to each of the companies, you can get a free copy of your credit report every four months.

KEY EMPLOYMENT PROVISIONS

The big picture is this: An employer must get your permission before asking for a report about you from a credit reporting company or any other company that provides background information. If you don't give your okay, your application for employment may not get a second look. That's up to you. But if you don't get the job because of information in your

DID YOU KNOW?

Not only do credit reporting companies provide information to employers, but they also sell it to creditors, insurers and other businesses that, in turn, use it to evaluate your applications for credit, insurance, or renting a place to live.

APPLYING FOR A JOB?

Before you apply for a job, it's a good idea to order a free copy of your credit report. Each of the nationwide credit reporting companies — TransUnion, Equifax, and Experian — is required to provide you with a free copy of your credit report once every 12 months, if you ask for it.

To order, visit annualcreditreport.com or call 1-877-322-8228. When you order, you'll need to provide your name, address, Social Security number, and date of birth. To verify your identity, you may need to provide some additional information that only you would know — for example, the amount of your monthly mortgage payment if you own a home. Each of the three national credit reporting companies may ask you for different information.

If you prefer to order your reports by mail, complete the Annual Credit Report Request Form and mail it to:

Annual Credit Report Request Service
P.O. Box 105281
Atlanta, GA 30348-5281

You can use the form in this brochure, or you can print it from ftc.gov/credit.

For more information about free credit reports, see *Your Access to Free Credit Reports* at ftc.gov/credit.

report, the employer has some legal obligations: First, the employer must show you the report; second, the employer must tell you how to get your own copy. The report is free if you ask for it within 60 days of learning the bad news.

Here are more details about these provisions:

Notice and Authorization. Before an employer can ask for reports about you from any companies that provide them, it must tell you that it might use the information to make a decision. This notice is separate from other documents you get — like an application. An employer may not get a report about you for employment purposes without getting your permission or authorization first, usually in writing.

Pre-Adverse Action Procedures. If an employer might use information from a credit or other background report to take an “adverse action” — say, to deny your application for employment or a promotion, to terminate your employment or to reassign you — he must give you a copy of the report and a document called *A Summary of Your Rights Under the Fair Credit Reporting Act* (ftc.gov/bcp/edu/pubs/consumer/credit/cre35.pdf) before taking the adverse action. Read your report, and contact the company that issued it if you find inaccurate or incomplete information.

You also can explain any inaccurate or incomplete information to an employer, but that won't fix errors in your report. To do that, you have to contact the company that issued the report and dispute the information. If an investigation reveals that a correction is warranted, the credit reporting company or other company providing background information must send an updated report to the employer if you ask them to. Even if the information is not corrected in time to benefit you with that particular employer, it's a good idea to dispute inaccurate information so it can be corrected before your next job interview or assignment comes along.

Adverse Action Procedures. If an employer takes an adverse action against you based on information in a report, it must tell you — orally, in writing, or electronically. The notice to you must include:

- the name, address, and phone number of the company that supplied the credit report or background information;
- a statement that the company that supplied the information didn't make the decision to take the adverse action and can't give you any specific reasons for it; and
- a notice of your right to dispute the accuracy or completeness of any information in your report and to get an additional free report from the company that supplied the credit or other background information if you ask for it within 60 days.

An employer must get your permission before asking for a report about you from a credit reporting company or any other company that provides background information.

NOTICE OF NEGATIVE PUBLIC RECORDS

If a company provides an employer with a report that has negative information about you gathered from public records — for example, tax liens, outstanding judgments, or criminal convictions — that company either has to tell you that it provided the information to the employer or it has to take special steps to make sure the information is accurate.

If you get a notice that a company has provided negative public record information to an employer, you may have a chance to correct or clarify it, which, in turn, may help you get or keep a job. For more information about this, see *How to Dispute Credit Report Errors* at [ftc.gov/credit](https://www.ftc.gov/credit).

IF EMPLOYERS DON'T COMPLY WITH THE FCRA

There are legal consequences for employers who don't comply with the FCRA, whether they fail to get an applicant's okay before getting a copy of their credit or other background report, fail to provide the appropriate disclosures in a timely way, or fail to provide adverse action notices to unsuccessful job applicants. If you think an employer has violated the FCRA, report it to the FTC, because the law allows the FTC, other federal agencies, and states to sue

employers who don't comply with the law's provisions. The FCRA also allows people to sue employers in state or federal court for certain violations.

The FTC works to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to

help consumers spot, stop and avoid them. To file a complaint or get free information on consumer issues, visit [ftc.gov](https://www.ftc.gov) or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. Watch a new video, *How to File a Complaint*, at [ftc.gov/video](https://www.ftc.gov/video) to learn more. The FTC enters consumer complaints into the Consumer Sentinel Network, a secure online database and investigative tool used by hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.



Annual Credit Report Request Form

You have the right to get a free copy of your credit file disclosure, commonly called a credit report, once every 12 months, from each of the nationwide consumer credit reporting companies - Equifax, Experian and TransUnion.

For instant access to your free credit report, visit www.annualcreditreport.com.

For more information on obtaining your free credit report, visit www.annualcreditreport.com or call 1-877-322-8228.

Use this form if you prefer to write to request your credit report from any, or all, of the nationwide consumer credit reporting companies. The following information is required to process your request. **Omission of any information may delay your request.**

Once complete, fold (do not staple or tape), place into a #10 envelope, affix required postage and mail to:

Annual Credit Report Request Service P.O. Box 105281 Atlanta, GA 30348-5281.

Please use a Black or Blue Pen and write your responses in PRINTED CAPITAL LETTERS without touching the sides of the boxes like the examples listed below:

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

0 1 2 3 4 5 6 7 8 9

Social Security Number:

Date of Birth:

Month

Day

Year

Fold Here

Fold Here

First Name

M.I.

Last Name

JR, SR, III, etc.

Current Mailing Address:

House Number

Street Name

Apartment Number / Private Mailbox

For Puerto Rico Only: Print Urbanization Name

City

State

ZipCode

Previous Mailing Address (complete only if at current mailing address for less than two years):

House Number

Street Name

Fold Here

Fold Here

Apartment Number / Private Mailbox

For Puerto Rico Only: Print Urbanization Name

City

State

ZipCode

Shade Circle Like This → ●

Not Like This → ⊗ ⊙

I want a credit report from (shade each that you would like to receive):

- Equifax
- Experian
- TransUnion

Shade here if, for security reasons, you want your credit report to include no more than the last four digits of your Social Security Number.



If additional information is needed to process your request, the consumer credit reporting company will contact you by mail.

Your request will be processed within 15 days of receipt and then mailed to you.

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