

By Mr. Cohen of Newton, petition of David B. Cohen for legislation to protect consumers from inaccurate information from credit reporting agencies. Commerce and Labor.

## The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Ninety-Four.

### AN ACT PROTECTING CONSUMERS FROM INACCURATE INFORMATION FROM CREDIT REPORTING AGENCIES.

*Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:*

1 Chapter 93 of the General Laws is hereby amended by striking  
2 out section 51, as appearing in the 1990 Official Edition, and  
3 inserting in place thereof the following section: —

4 Section 51. A consumer reporting agency may furnish a  
5 consumer report under the following circumstances and no other:

6 (1) In response to an order of a court having jurisdiction to  
7 issue an order.

8 (2) In accordance with written instructions of the consumer to  
9 whom it relates.

10 (3) To a person it has reason to believe:

11 (a) Has obtained written permission from the consumer and  
12 intends to use the information in connection with a credit  
13 transaction involving the consumer on whom the information is  
14 to be furnished and involving the extension of credit to, or review  
15 or collection of an account of, the consumer; or

16 (b) Has obtained written permission from the consumer and  
17 intends to use the information for employment purposes; or

18 (c) Has obtained written permission from the consumer and  
19 intends to use the information in connection with the underwriting  
20 of insurance involving the consumer; or

21 (d) Intends to use the information in connection with a  
22 determination of the consumer's eligibility for a license or other  
23 benefit granted by a governmental instrumentality required by law  
24 to consider an applicant's financial responsibility or status; or

25 (e) Has obtained written permission from the consumer and  
26 intends to use the information in connection with a transaction  
27 either entered into or being negotiated with the consumer, if by  
28 the terms of the transaction either party transfers an interest in  
29 real or personal property, pays money, or renders services; or

30 (f) Intends to use the information for the enforcement of child  
31 support orders under chapter one hundred and nineteen A.

32 Whenever a consumer reporting agency disseminates a  
33 consumer report which requires the consumer's written  
34 authorization the consumer reporting agency shall notify the  
35 consumer when the report is issued, of the name and address of  
36 the user requesting the consumer report, and the name and address  
37 of the agency providing the consumer report.

1 SECTION 2. Section 52 of said chapter 93, as so appearing,  
2 is hereby amended by striking out clause (5) and inserting in place  
3 thereof the following clause: —

4 (5) Records of arrest, indictment, or conviction of crime other  
5 than that allowed under the provisions of section one hundred  
6 and seventy-two of chapter six.

1 SECTION 3. Said Section 52 of chapter 93 of the General  
2 Laws, as so appearing, is hereby amended by inserting after clause  
3 (6) the following clause: —

4 (7) Any court proceeding brought against a tenant by a  
5 landlord until such time that a final decision has been rendered  
6 by a court and the landlord has prevailed.

1 SECTION 4. Chapter 93 of the General Laws is hereby  
2 amended by inserting after Section 52A the following section: —

3 Section 52B. No consumer reporting agency shall distribute,  
4 sell, transfer, or exchange the names, addresses, telephone  
5 numbers, or other information which identifies a consumer  
6 contained in such agency's files, unless the agency discloses to the  
7 consumer about whom such information relates the nature of such  
8 information and receives the consumer's written permission to  
9 release such information, except as pursuant to section fifty-one.

1 SECTION 5. Subsection (b) of Section 54 of said chapter 93,  
2 of the General Laws, as appearing in the 1990 Official Edition,  
3 is hereby amended by adding at the end thereof the following three  
4 sentences: — Such procedures shall include a procedure to detect  
5 logical errors in the information being supplied to them prior to  
6 its inclusion in a consumer's file. Consumer reporting agencies  
7 shall, whenever possible, require the use of a consumer's full name  
8 when compiling information to be included in a consumer's file  
9 and when disseminating a consumer report. For the purposes of  
10 this section, logical error shall mean information in an individual's  
11 file that relates to a different individual or the appearance of  
12 contradictory information within a file.

1 SECTION 6. Subsection (b) of Section 57 of said chapter 93,  
2 as so appearing, is hereby amended by adding the following  
3 clause: —

4 (4) Once annually on January first of each calendar year for  
5 each resident of the commonwealth on whom the credit reporting  
6 agency has maintained a file.

1 SECTION 7. Said Section 57 of said chapter 93, as so  
2 appearing, is hereby further amended by striking out subsection  
3 (c) and inserting in place thereof the following subsection: —

4 (c) Any consumer reporting agency shall provide a toll free  
5 telephone number and trained personnel to explain to the  
6 consumer any information furnished to him pursuant to sec-  
7 tion fifty-six.

1 SECTION 8. Section 58 of said chapter 93, as so appearing,  
2 is hereby amended by striking out subsection (a) and inserting in  
3 place thereof the following subsection: —

4 (a) If the completeness or accuracy of any item of information  
5 contained in his file is disputed by a consumer, and such dispute  
6 is directly conveyed to the credit reporting agency by the  
7 consumer, the credit reporting agency shall within thirty days  
8 reinvestigate and record the current status of that information,  
9 unless it has reasonable grounds to believe that the dispute is  
10 frivolous or irrelevant. If after such reinvestigation such

11 information is found to be inaccurate or can no longer be verified,  
12 the consumer reporting agency shall delete such information  
13 within three business days. The presence of contradictory  
14 information in the consumer's file shall not in and of itself  
15 constitute reasonable grounds for believing the dispute is frivolous  
16 or irrelevant.

17 Consumer reporting agencies must accept the consumer's  
18 version of the disputed information and correct or delete the  
19 disputed item, when the consumer submits to the consumer  
20 reporting agency documentation obtained from the course of the  
21 item in dispute or from public records confirming that the  
22 disputed information on the consumer report was inaccurate or  
23 incomplete, unless the consumer reporting agency in good faith  
24 has reason to doubt the authenticity of the documentation, in  
25 which case the consumer reporting agency need not accept the  
26 consumer's version of the dispute if it reinvestigates the dispute  
27 by contacting the source of the item or checking the public record  
28 and verifies that the documentation is not authentic.

1 SECTION 9. Said section 58 of said chapter 93 of the General  
2 Laws is hereby amended by adding the following three  
3 subsections: —

4 (e) A consumer reporting agency shall keep records that  
5 indicate the number and the nature of disputed items, including  
6 but not limited to: mixed files, inaccurate information, and  
7 information previously deleted but reappearing.

8 (f) If information, which has been previously deleted from a  
9 consumer report because it was inaccurate or no longer verifiable,  
10 reappears in the consumer report, it will be prima facie evidence  
11 of the credit reporting agency's failure to maintain reasonable  
12 procedures to correct inaccuracies.

13 (g) If any information is deleted after a reinvestigation under  
14 this section, the information may not be reinserted in the  
15 consumer's file after deletion unless the person who furnished the  
16 information reinvestigates and states in writing or by electronic  
17 record to the agency that the information is complete and  
18 accurate. Such furnisher shall not provide such statement unless  
19 the furnisher reasonably believes that the information is complete  
20 and accurate. Upon such reinvestigation and statement by the

21 furnisher, the credit reporting agency shall promptly notify the  
22 consumer of any reinsertion.

1 SECTION 10. Chapter 93 of General Laws, is hereby further  
2 amended by striking out Section 59, as appearing in the 1990  
3 Official Edition, and inserting in its place the following section: —  
4 Section 59. A consumer reporting agency shall make all  
5 disclosures pursuant to section fifty-six and furnish all consumer  
6 reports pursuant to subsection (d) of section fifty-eight without  
7 charge to the consumer if, within thirty days after the receipt by  
8 such consumer of a notification pursuant to section sixty-two or  
9 notification from a debt collection agency affiliated with such  
10 consumer reporting agency stating that the consumer's credit  
11 rating may be or has been adversely affected, the consumer makes  
12 a request under section fifty-six or subsection (d) of section fifty-  
13 eight. A consumer reporting agency shall make all disclosures  
14 pursuant to subsection (b) four of section fifty-seven and  
15 subsection (d) of section fifty-eight without charge. Otherwise the  
16 consumer reporting agency may impose a reasonable charge, not  
17 to exceed eight dollars, for making disclosure to a consumer  
18 pursuant to section fifty-six, the charge for which shall be  
19 indicated to the consumer pursuant to subsection (d) of section  
20 fifty-eight the charge for which shall be indicated to the consumer  
21 prior to furnishing such information and shall not exceed eight  
22 dollars, except that no charge may be made for notifying such  
23 persons of the deletion of information which is found to be  
24 inaccurate or which can no longer be verified.





