



September 17, 2004

Jennifer J. Johnson, Secretary
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, D.C. 20551

Re: FACT Act Study, Docket No. OP-1209

I. INTRODUCTION

Equifax Information Services LLC is a consumer reporting agency that furnishes consumer reports to its financial institution customers, other businesses that have a permissible purpose as defined in the Fair Credit Reporting Act (FCRA), and consumers. We are a subsidiary of Equifax Inc., a 105-year-old company and member of the Standard & Poor's (S&P) 500® Index, a global leader in turning information into intelligence, serving customers across a wide range of industries and markets, including financial services, retail, telecommunications, utilities, mortgage, brokerage, insurance, automotive, healthcare, direct marketing and transportation.

Equifax Information Services LLC (Equifax) appreciates the opportunity to submit comments to the Federal Reserve Board with respect to the above referenced matter. Equifax has a critical interest in the accuracy and integrity of our credit database and we have taken a leading role, working with other consumer reporting agencies as well as the Consumer Data Industry Association (CDIA), on measures to improve the accuracy and completeness of credit history data. These joint efforts include the development of E-OSCAR-web™, an electronic system used by consumer reporting agencies and furnishers to manage and resolve consumer reinvestigation requests. We also have actively participated in the development of the Metro and Metro2 standardized reporting formats, which are used by most furnishers to supply credit information to Equifax and other credit reporting agencies.

II. E-OSCAR-WEB PROMOTES ACCURACY, COMPLETENESS, TIMELINESS, AND EFFICIENCY IN THE REINVESTIGATION PROCESS

Equifax, in cooperation with CDIA and other CDIA members, has developed the E-OSCAR-web, a system to facilitate the timely and efficient exchange of accurate and complete information between consumer reporting agencies and authorized furnishers in order to respond to consumer reinvestigation requests and update the consumer's file as may be necessary and appropriate.

When a consumer contacts us to request the reinvestigation of information in his or her file, we enter the relevant information into E-OSCAR-web and transmit that information to the furnisher of that information. The furnisher then investigates the request and responds to us through the E-OSCAR-web system, updating or changing information as may be necessary based upon its investigation. As we understand that CDIA is separately submitting comments describing E-OSCAR-web in greater detail, we omit such a discussion here. However, we note five features of the numerous features and procedures of E-Oscar-web which make it such a valuable tool in the consumer reinvestigation request process:

- *E-OSCAR-web assists furnishers in managing their reinvestigation workload.* For example, E-OSCAR-web allows furnishers to prioritize the order in which they respond to consumer reinvestigation requests in order to ensure that the most urgent reinvestigation requests can be processed first and that requests can be processed within the timeframes established by the FCRA. This is an important function, given that we are required by the FCRA to delete information that is subject to a reinvestigation request from our files (even if it is accurate) if the furnisher does not respond within the appropriate timeframe.
- *Furnishers responding to a reinvestigation request from us can send corrected information to multiple consumer credit reporting agencies at once.* If a furnisher investigates a reinvestigation request that we transmit to them and the furnisher finds that the information needs to be modified or deleted, the furnisher is required by the FCRA to notify not only Equifax, but other consumer credit reporting agencies to which it supplied

the information. E-OSCAR-web allows the furnisher to also quickly notify Trans Union and Experian, in the event data needs to be updated. Similarly, the system allows the furnisher to quickly and efficiently notify Equifax of a modification or deletion that needs to be made as a result of a reinvestigation request that was originally submitted by the consumer through Trans Union or Experian.

- *Furnishers responding to a contact or reinvestigation request made directly to the furnisher by the consumer also can send corrected information to multiple consumer credit reporting agencies at once.* As with consumer reinvestigation requests received from consumer credit reporting agencies, furnishers also can use the E-OSCAR-web system to update information in response to a contact or reinvestigation request received by the furnisher directly from the consumer. If it is necessary to update information previously reported to one or more consumer reporting agencies, the furnisher can enter the update once and use E-OSCAR-web to notify Equifax, Experian, and/or Trans Union of the need to update the information, depending upon which of the credit reporting agencies the furnisher reported the information to be updated.
- *“Editing” logic is built into the system to promote accuracy.* E-Oscar has “editing” capability which provides furnishers with an “error” message if the data they enter in responding to a reinvestigation request is illogical (*e.g.*, if the furnisher attempts to transmit multiple codes or responses that are logically inconsistent). This forces the operator to correct the inconsistent responses, before a submission is accepted by the system. This is a vast improvement over a paper-based process, where inconsistent responses might not become apparent until the recipient consumer reporting agencies received and attempted to process the information, a situation which could produce confusion and processing delays.
- *E-OSCAR-web also enhances data security.* E-OSCAR-web is a secure, closed system which restricts access only to authorized users. This is an important change from paper reinvestigation procedures that heavily rely on submissions by mail or facsimile. The

electronic transmission of data updates eliminates issues regarding the authenticity of paper documents purporting to be from furnishers.

While use of E-OSCAR-web by furnishers has customarily been voluntary, we believe that it is such an important tool for managing the reinvestigation request process in the post-FACT Act environment, that Equifax is requiring all of its furnishers to begin using the E-OSCAR-web system. Furnishers have responded favorably to this requirement.

III. THE METRO DATA STANDARD SUPPORTS THE INITIAL REPORTING OF ACCURATE AND COMPLETE INFORMATION, REDUCING THE NUMBER OF POTENTIAL REINVESTIGATION REQUESTS

In addition to E-OSCAR-web, Equifax has also worked to promote the accuracy and completeness of data at the point it is reported to consumer reporting agencies by furnishers, through the development of standardized formats for the reporting of information. As we understand that CDIA is separately submitting comments describing the standardized formats (Metro2 and the Metro format)¹ in greater detail, we omit such a discussion here. We concur in the view that these standard formats promote the consistent and uniform reporting of information by furnishers and that this important “front-end” tool provides accuracy and completeness. This focus on accuracy and completeness at the time information is reported by the furnisher to consumer reporting agencies reduces the potential for consumer reinvestigation requests that could occur if furnishers did not use a standard reporting format.

¹ The Metro2 format is the latest version of the Metro format. The Metro format is used by some furnishers but we support furnishers' use of the Metro2 format.

IV. RESPONSES TO SPECIFIC FEDERAL RESERVE BOARD QUESTIONS

General Information

- *What type of entity reports negative and/or positive information to consumer reporting agency and what type of entity does not report negative information to a consumer reporting agency? If an entity does not report information to a consumer reporting agency, why not?*

Generally, financial institutions report the payment history on their accounts with consumers to the consumer reporting agencies. The payment history includes the factual information for an account, including when the account is paid as agreed, and when the payments are not paid on time.

Some regulated companies or businesses, such as utilities or telephone companies, are limited by regulations as to the type of information they are allowed to report to consumer reporting agencies. Some, for example, are restricted in their ability to report for inclusion in consumer credit files that are reported to persons outside their industry group. Often these companies are only permitted to report information about accounts that are in some type of past due or charged-off status. Also, there are businesses, such as collection agencies, which by the nature of their business only report accounts that are past due or charged off.

As to those entities that do not report information to consumer reporting agencies, this would include businesses that only provide limited amounts of credit to consumers, and for which it is not of value to them, consumers, or the credit granting community for their information to be included in consumer credit reports. Further, since the reporting of account information is voluntary there are some businesses, especially smaller businesses, that do not believe the various “costs” of reporting (reporting, handling reinvestigation requests, potential liability) outweigh the benefits to them of reporting their account information.

Disputes Communicated by Consumers Directly to Furnishers

Since the specific questions in this area pertain to information and experiences of furnishers, Equifax is not in a position to respond to them. Equifax has accepted its responsibilities as a consumer reporting agency under the FCRA to effectively work directly

with consumers regarding their reinvestigation requests and in turn, communicate these requests to the furnisher. However, Equifax believes there are various circumstances when it benefits consumers, furnishers, and consumer reporting agencies for consumers to contact the furnisher directly to resolve disputes a consumer may have with information from that furnisher. The following are a few examples:

- a. Repeated/continuous reinvestigation requests by the consumer regarding the same information. It can be more efficient and effective for the consumer, furnisher, and the consumer reporting agency for the consumer to work directly with the furnisher in order to get the information in dispute resolved. This would avoid further reinvestigation request activity being handled between the furnisher and the consumer reporting agency.
- b. When the consumer has worked out “special” arrangements or understandings with the furnisher on how the information is to be reported and the credit file does not reflect the arrangement the furnisher and consumer agreed upon. The furnisher can send an automated update through E-OSCAR-web to each of the consumer reporting agencies to which the furnisher reported the information and the consumer’s credit files will be updated.
- c. Fraud situations where the consumer does not have an identity theft report to provide to a consumer reporting agency indicating that the account information from a specific furnisher is the result of fraud. The consumer can provide a fraud affidavit to the furnisher and the furnisher can update the consumer reporting agencies through E-OSCAR-web as to how the account information is to be reported or deleted.

Disputes Communicated by Consumers to Consumer Reporting Agencies

- *When a consumer reporting agency receives notice of consumer disputes and forwards the information to the furnisher, how does the consumer reporting agency provide the furnisher with the notices of relevant information? What information does the consumer reporting agency transmit to the furnisher? Describe any guidelines or procedures, voluntary or otherwise, that apply to this process.*

The consumer's disputes are conveyed to the furnisher electronically through the E-OSCAR-web through coded summary descriptions. The E-OSCAR-web system also provides for a narrative description of the dispute or other information provided by the consumer to be conveyed to the furnisher. For example, the narrative can state that the consumer provided a copy of a letter from a named person with the furnisher regarding the information. Additionally, a copy of the information can be faxed to the furnisher as appropriate.

- *How does a consumer reporting agency ensure that furnishers comply with the requirements and timelines established under the FCRA for disputes communicated to a consumer reporting agency?*

A component of the E-OSCAR-web for furnishers is "priority processing," a feature that allows them to know when the deadline for their response is approaching. By doing so, furnishers can respond to the consumer reporting agency so that information is not removed from the consumer's credit file by the consumer reporting agency due to not receiving a response from the furnisher within the appropriate time.

- *Is sufficient relevant information provided to the furnisher by the consumer reporting agency? Is all relevant information from a consumer provided to the furnisher through the consumer reporting agency? If not, what relevant information is often missing, and why? If relevant information is lacking, how does the furnisher resolve the dispute?*

Yes, sufficient relevant information is provided to the furnisher by the consumer reporting agency through E-Oscar and the process described above. Information is provided through coded descriptions of the dispute along with additional narrative information as appropriate. Further, furnishers can contact the consumer reporting agency to address questions they may have about the consumer's dispute.

- *If the furnisher does not find the information reported to the consumer reporting agency to be incomplete or inaccurate, what steps does the furnisher take?*

The furnisher would respond to the consumer reporting agency through E-OSCAR-web that the information is correct as reported.

- *Describe any guidelines or procedures that may apply to the treatment of information that continues to be disputed by the consumer after the formal dispute process has been concluded. How often do the furnisher and consumer fail to reach an agreement after the conclusion of the formal dispute process, for example, where the consumer maintains that the disputed information is inaccurate and the furnisher maintains that it is accurate?*

When a consumer does not agree with the results of the reinvestigation, the consumer can exercise their FCRA rights to have the information shown as “disputed” in the credit file, and add a consumer statement of explanation to their credit file regarding this information.

Consumers will, on occasion, provide additional information to the consumer reporting agency, which sends another reinvestigation request to the furnisher. If the matter is not resolved, the consumer can make direct contact with the furnisher and if the information is updated, the furnisher will advise the consumer reporting agencies through the E-OSCAR-web automated update process, described above.

V. CONCLUSION

Equifax has a critical interest in the accuracy and integrity of our credit database and we recognize the vital role of the reinvestigation process in promoting the accuracy and integrity of our system. Therefore, we appreciate this opportunity to provide comments to the Federal Reserve Board on this important matter.

Sincerely,

KENT E. MAST
General Counsel
Equifax Information Services, LLC