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September 16, 2004

Attention: Jennifer J. Johnson  
Secretary, **Board** of Governors  
of the Federal **Reserve System**  
20<sup>th</sup> Street and **Constitution** Avenue, N.W.  
Washington, DC 20551

**VIA FACSIMILE**  
**(202) 452-3819**  
**AND REGULAR U.S. MAIL**

BOARD OF GOVERNORS  
OF THE  
FEDERAL RESERVE SYSTEM  
2004 SEP 16 PM 3:34  
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Re: **Docket No. OP-1209**  
**Study on Investigations of Disputed Consumer Information Reported to**  
**Consumer Reporting Agencies**  
**(FACT Act Section, 313(b): Notice of Study and Request for Information)**

Dear Ms. Johnson:

Wells Fargo & Company and its affiliates, including Wells Fargo Bank, N.A. (of which Wells Fargo Home Mortgage is now a division) and Wells Fargo Financial, Inc. (collectively referred to herein as 'Wells Fargo'), appreciate the opportunity to comment on the issues that are the subject of the Board's study and report to Congress regarding the investigation of **disputed** consumer information reported to Credit Reporting Agencies. **Wells Fargo** is a diversified financial services company that owns and operates, among other things, a national bank in 23 Western and Midwestern states, the nation's leading retail mortgage lender and one of the nation's leading consumer finance companies.

**I. General Information**

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

The following divisions of Wells Fargo Bank, N.A. report both negative and positive information to credit reporting agencies: (1) Home Mortgage; (2) Card Services; (3) Personal Credit Management; (4) Home Equity; (5) Auto Finance Group; (6) Private Client Services and (7) Education Financial Services. Wells Fargo Financial, an affiliate of Wells Fargo Bank, N.A., also reports both negative and positive information to credit reporting agencies. Finally, the Deposits division of Wells Fargo Bank, N.A. also reports information to ChexSystems (a "consumer reporting agency") regarding consumer deposit accounts; however, since this study appears to focus primarily on disputes and concerns with information reported to credit bureaus, Wells Fargo's comments contained in this letters will focus primarily on these issues

B. Of all disputes received by the furnisher, what percentage of the disputes or complaints comes through a consumer reporting agency? What percentage comes directly from consumers? What percentage comes from other sources (e.g., credit repair entities)?

Wells Fargo receives all credit bureau disputes either directly from a credit reporting agency or directly or indirectly from the consumer. The respective divisions and affiliates of Wells Fargo receive between seventy-one percent (71%) and ninety-eight percent (98%) of all credit bureau disputes directly from credit reporting agencies, while between two percent (2%) and twenty-nine percent (29%) of all disputes are received directly or indirectly from consumers.

C. Do the answers to the questions below vary based on industry, size of entity, type of credit, or other characteristics? Are there any generalizations that can be made based on industry, size of entity, types of credit, or other characteristics?

Wells Fargo does not believe that the relative percentage of credit bureau disputes received directly from credit reporting agencies or directly or indirectly from consumers is based on industry, size of entity, type of credit or other characteristics.

## II. Disputes Communicated by Consumers Directly to Furnishers

A. Does the furnisher provide an address for consumers to use if they want to dispute information directly with the furnisher? If not, why? If an address is provided, how is the consumer informed about this address?

Some divisions and affiliates of Wells Fargo Bank, N.A. do provide addresses to consumers who want to dispute information directly with Wells Fargo. In these instances, the addresses are furnished in loan documents and account billing statements. Other divisions and affiliates of Wells Fargo Bank, N.A. do not provide addresses to consumers in loan documents or billing statements. In these cases, the customer service departments for these divisions and affiliates typically resolve disputes via telephone. In the event a dispute cannot be resolved telephonically, the customer service department will furnish an address to the customer for future written correspondence. Within the next several months, virtually all of these divisions and affiliates of Wells Fargo Bank, N.A. plan to begin furnishing addresses to consumers who want to dispute information directly with Wells Fargo.

B. Regardless of whether an address is provided, what is the furnisher's process and timeline in handling disputes and complaints that come directly from consumers? Under what circumstances do furnishers currently investigate disputes regarding information in a consumer file, based on a direct request of the consumer?

Wells Fargo will investigate a dispute based on a direct request from a consumer, when Wells Fargo receives a dispute directly from a consumer, the general process for researching and resolving the dispute involves a review of the following: (1) consumer name, address and social security number; (2) consumer account number; (3) account payment history; (4) account servicing notes and collection notes; (5) loan documents and (6) deferral, modification and extension history. Wells Fargo's policy requires such disputes to be resolved within thirty (30) days. However, Wells Fargo is able to resolve a very high percentage of these disputes within two (2) business days.

- C. Is sufficient relevant information provided to the furnisher by the consumer? If not, what relevant information is often missing, and why? If relevant information is lacking, how does the furnisher resolve the dispute?

Wells Fargo estimates that up to twenty-five percent (25%) of the disputes received directly from consumers do not contain sufficient relevant information. It is difficult to specify what relevant information is missing in these instances, as this can vary from dispute to dispute. However, in these instances consumers generally fail to include sufficient detail as to why they believe a particular piece of derogatory information is inaccurate. If a consumer does not provide sufficient information to Wells Fargo to resolve a dispute, then Wells Fargo attempts to contact the consumer to obtain the information necessary to resolve the dispute.

- D. What are the consumers' experiences in resolving a dispute where the furnisher provided an address?

Wells Fargo does not believe that a furnisher's decision to provide an address to consumers for credit bureau disputes has a large impact on the consumer's experience in resolving the dispute. Rather, in most instances, consumers desire a prompt resolution of a dispute.

- E. What are consumers' experiences in resolving disputes where the furnisher does not provide an address? How were the disputes resolved and what entity or person (e.g., furnisher, consumer reporting agency, credit repair entity, legal representative, etc.) was instrumental in resolving the dispute?

Wells Fargo does not believe that a furnisher's decision to not provide an address to consumers for credit bureau disputes has a large impact on the consumer's experience in resolving the dispute. Indeed, many times a dispute can be resolved more quickly if the consumer contacts the furnisher directly via telephone. Again, in most instances, consumers are most appreciative of a prompt resolution of a dispute. However, despite a prompt resolution, consumers can still feel frustrated if the furnisher's research indicates that the derogatory information is being accurately reported to a consumer reporting agency.

### **III. Other Furnisher Duties**

- A. How does the furnisher ensure that it complies with the applicable statutory requirements regarding the accuracy and completeness of information it reports to the consumer reporting agency?

To ensure compliance with FCRA requirements, Wells Fargo maintains written policies and procedures that address the credit bureau dispute resolution process. Wells Fargo also conducts periodic audits and quality assurance reviews to validate compliance with statutory requirements.

- B. What are the furnisher's procedures and timelines if it finds the information is not complete or accurate?

If Wells Fargo determines that information reported to a credit reporting agency is not complete and/or accurate, then Wells Fargo updates the incomplete information or corrects the inaccurate information within thirty (30) days.

C. What are the furnisher's procedures and timelines for reporting information that has been directly disputed by a consumer?

When Wells Fargo receives a dispute directly from a consumer, the general process for researching and resolving the dispute involves a review of the following: (1) consumer name, address and social security number; (2) consumer account number; (3) account payment history; (4) account servicing notes and collection notes; (5) loan documents and (6) deferral, modification and extension history. As a general rule, disputes received directly from a consumer are resolved within twenty (20) days. However, a very high percentage of these disputes are resolved within two (2) business days.

D. What are the furnisher's procedures and timelines for reporting when a delinquency began on an account that has been placed for collection, charged off, or subjected to similar action?

With respect to accounts that have been placed for collection or charged off, Wells Fargo's policy is to report the date of first delinquency as the date of the commencement of the delinquency which immediately preceded the collection activity or charge-off transaction.

E. What are the furnisher's procedures and timelines for notifying a consumer reporting agency that a consumer has voluntarily closed a credit account with the furnisher?

The respective divisions and affiliates of Wells Fargo report voluntary credit account closures to consumer reporting agencies at the next regularly scheduled reporting period.

F. What are consumers' experience with communicating with furnishers, with the timing of the notice of dispute appearing on the credit report, or any other matter related to having the notice of dispute placed on the credit report when disputed information continues to be reported but with a notice of the dispute?

Wells Fargo does not have any information on which to base an opinion on consumers' experiences in this situation. However, Wells Fargo believes that, in most instances, consumers are appreciative of Wells Fargo resolving a dispute before a credit reporting agency has placed a notice of dispute on the consumer's credit report.

G. What are consumers' experiences with furnishers reporting that credit accounts with the furnishers have been voluntarily closed? What is the time span between the consumer closing the account and information about the closure appearing on the credit report?

Wells Fargo does not have any information on which to base an opinion on consumers' experiences in this situation. The respective divisions and affiliates of Wells Fargo report voluntary credit account closures to consumer reporting agencies at the next regularly scheduled reporting period. Wells Fargo is unable to opine on how long it may take a credit reporting agency to place this information on a consumer's credit report once it is received from Wells Fargo.

#### **IV. Disputes Communicated by Consumers to Consumer Reporting Agencies**

- A. 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 and 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.

Wells Fargo receives disputes directly from credit reporting agencies through the Electronic On-Line Solution for Accurate Reporting ("E-Oscar") system. When a credit reporting agency transmits a dispute to Wells Fargo via E-Oscar, the transmission contains a reason code which indicates the nature of the dispute.

- B. 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?

Wells Fargo is not a consumer reporting agency. Therefore, Wells Fargo does not have sufficient knowledge of the consumer reporting agencies' policies and procedures to respond fully to this question. However, Wells Fargo can confirm that the E-Oscar system does provide furnishers with "reminder notices" at eight days after the consumer reporting agency transmits a dispute to a furnisher through the E-Oscar system. The E-Oscar system generates a second reminder notice at twelve days after the consumer reporting agency transmits a dispute to a furnisher.

- C. What are the furnisher's procedures and timelines for investigating the disputes and reviewing the information provided?

When Wells Fargo receives a dispute directly from a credit reporting agency, the general process for researching and resolving the dispute involves a review of the following: (1) consumer name, address and social security number; (2) consumer account number; (3) account payment history; (4) account servicing notes and collection notes; (5) loan documents and (6) deferral, modification and extension history. As a general rule, disputes received directly from a credit reporting agency are resolved within twenty (20) days. However, a very high percentage of these disputes are resolved within two (2) business days.

- D. Is sufficient relevant information provided to the furnisher by the consumer through 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?

Credit reporting agencies generally provide sufficient information to resolve a dispute. However, the "reason codes" used by credit reporting agencies can be vague and broad.

- E. If the furnisher finds that the information it reported to the consumer reporting agency was incomplete or inaccurate, what steps does the furnisher take?

Wells Fargo updates any incomplete information or corrects any inaccurate information through the E-Oscar system. As a general rule, disputes received directly from a credit reporting agency are resolved within twenty (20) days. However, a very high percentage of these disputes are resolved within two (2) business days.

F. 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?

Using the E-Oscar system, Wells Fargo reports to the credit reporting agencies that the disputed information is "verified as reported".

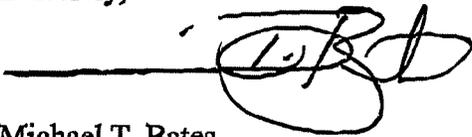
#### V. Recommendation

A. What, if any, legislative or regulatory changes do you recommend besides changes made by the FACT Act and its implementing rules? How would these recommendations improve the system? What benefits or burdens should be considered?

Wells Fargo does not recommend any further legislative or regulatory changes. Wells Fargo believes that the current legal framework adequately addresses legitimate disputes, holds furnishers accountable for investigating and correcting inaccuracies and preserves the integrity of the credit reporting system. Consumers also have rights and recourse under various other statutes (e.g. Fair Credit Billing Act; Electronic Fund Transfers Act) to dispute information or resolve errors. Wells Fargo believes that any new rules or disclosures under the Fair Credit Reporting Act would be more confusing than helpful.

Thank you for the opportunity to provide comments on these issues. We would be pleased to supplement our comments or to discuss any of them with you. Please contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "M. Bates", is written over a horizontal line. The signature is stylized and somewhat cursive.

Michael T. Bates  
Senior Counsel