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Even the best trained employees at banks and financial institutions are engaged in unfair and deceptive actions. There is no question that consumers are being poorly treated, but many are also being victimized by actions that are simply attempts to collect as much money as possible. I have dealt directly with several "offices of the president" of some of the largest banks and financial companies in the US, and, usually, by going to that level, I can get some satisfaction. However, even these top customer service people tend to know less about the acts and practices of their institutions than a well educated consumer and long time customer. Therein lays the true problem we all confront. Congress and the government seldom get correct testimony from bank officials, for what they say is often not borne out by real life practices. As an example, Citibank promised Congress that is would not use the common practice of "universal default" (a failure to pay a third party on time or the full amount when due causing a third party to report a negative item to a credit bureau) to adversely affect Citibank customers who have no missed or late payments with Citibank. However, this is simply not true, and can be proven by reviewing Citibank's records. Citibank will even close a good customer's account overnight if their credit reviewers see an issue

that customer may have with a completely different company, even though that customer has a perfect record with Citibank. The problem is that Congress has failed to properly regulate the nationwide credit bureaus. The only information the banks are using to make these huge changes comes from the credit bureaus, and it is an accepted fact that over 85% of all credit reports have errors on them. Even though errors are common, the banks use this information to make decisions. Once these decisions are made, it takes months, not days, to get the credit reports corrected, and there are times that it can take many, many months. Even so, the banks rarely reverse their decisions that were based on the false and erroneous information. This must be corrected by Congress. In other words, if my bank notifies me that my APR has been raised on my credit card because my bank found a negative item on my credit report, that decision is final for a long time. That month, I may have to pay an extra \$35.00 - \$65.00 in finance charges that will then compound every month. I will then attempt to find out what had suddenly appeared on my credit report that caused this change. It may take me up to two weeks to find out. Once I receive my report, I will institute a dispute. That process will take about 30 days. Even if the item is erroneous, if the company reporting it thinks it is legitimate, they can tell the credit bureau that the item is correct. Unless I am prepared to go to court, at great expense to me, there is no penalty for an error to be placed onto a credit report. Congress should change this. Disputes should be handled much more seriously and proof should be required and sent to the consumer, as well as to the credit bureau. I have had other people's accounts on my credit report that took me nearly nine months to get removed. Why? Because all that the so-called dispute process does is verify the information. It is not an objective verification or corroboration. It is only a check of what is in the records. The bank or credit grantors "word" is accepted as correct, as factual, and the item on the credit report will be considered correct and "verified." Thus, a simple coding or keying error can be "verified as accurate" several times before a consumer gets someone's attention and demands the error to be corrected. Meanwhile, all this time, the other bank, the one that raised my APR, continues to collect more finance charges each month, and has applied the new APR retroactively to all charges existing on the account. Thus, purchases I made last year at 7.99% APR are now being charged at the new, higher rate, often more than twice what the rate had been, and in some case three and four times higher. However, now we get to the final unfair and deceptive practice! Once the credit report is finally corrected and the negative item removed from the credit report because it was an error and should never have been listed in the first place, the other bank that raised my APR based on that error will do nothing! They will still review my credit reports, they will no longer see any negative item or

potentially negative item, but they will not autonomously lower my APR back to what it was. Instead, if I have the time and a little fighting spirit, I will have to work my way through their customer service until I find someone who will "consider" my request to return my APR back to what it had been. However, even if I do find that person, they will NOT have the ability to refund all the extra finance charges I was forced to pay because of the error and they will not recalculate what my balance would have been if my APR was never raised in the first place. The banks, therefore, benefit from their own reporting errors and those of other financial institutions. The credit bureaus help them by treating the reporting information as "100%" true and what the consumer has to say as "needing to be researched." The bias is too far tilted to the credit grantors and the credit bureaus. I would not advance this point if credit reporting were more accurate, but it is not, and it is so difficult to get a credit report corrected that some people can't get it done. Is Congress aware that in the month of April 2008, the credit reporting company Equifax had a problem with its online dispute system and that tens of thousands of disputes were never processed? This is fact, whether Equifax will admit it publically or not. However, if you asked people who disputed an item with Equifax in April, you would find the truth. Some people's disputes are still being listed as "pending," even though disputes have to be resolved within 30 days, or 45 days for certain customers. Most are still not updated and Equifax has lost thousands of disputes, but has not contacted the consumers. Thus, all those disputed items are still on people's credit reports, even though, legally, they must be removed. All of those items are causing people to pay more in finance charges, perhaps not get new financing or qualify for certain rates, or, worse, may not get certain jobs. Yes, because Congress has not properly controlled the error filled credit reporting system, those reports with errors are used to make hiring decisions. Congress must know that just a few months ago, a coding error on some student loans was improperly interpreted by Equifax as being accounts with a "payment plan." "Payment plans" are viewed as "negatives" by credit scoring companies and by lenders, as it means that the consumer could not make normal, timely payments and negotiated a lower payment or a longer time. This was not the case for these former students, but the damage was done. Even once corrected, consumers received notices that their "credit worthiness" had changed and that APRs were being raised because they were now a "greater risk!" Nothing had changed except for some errors made between the lender and the credit bureau, but it was the consumer who suffered and had to pay more money. Congress, the Federal Reserve, and the FTC cannot continue to allow the chaos and unfairness that exists. The banks are changing the Terms and Conditions of accounts any time they want, with very little notice, and do very little to advise customers of these changes. They are quick to

collect fees and penalties, but not as motivated to explain changes or to give a consumer the opportunity to reply. In fact, with electronic banking becoming more and more prevalent, it is almost impossible to learn about changes. All I tend to get electronically from my creditors each month is the amount that I owe and the payment due. If they are changing terms or rates or APRs, they usually send that out in traditional mail, but they have weaned me from expecting any mail from them and have told me that I should do everything electronically. They do nothing to indicate that a piece of mail is important and they do nothing electronically to advise me that I better read what they sent me or to include these major changes with their electronic billing. They have the technology to do it, but they chose not to, because it would cost them a little more. They should also allow a person to dispute their decision if the customer believes the decision is based on erroneous information. Currently, this is not an option or requirement. Rather, the customer must go to a credit reporting agency and issue a dispute, and I have previously written how that is a significantly flawed system. My recommendations are clear and will result in a much better situation for all: 1. Require that credit grantors notify consumers when they send negative or potentially negative information about that consumer to a credit reporting agency. 2. Revise and improve the consumer protections for listing erroneous items on personal credit reports and create a burden of proof for the reporting credit grantor, lender or agency. "Verifying" incorrect information and re-reporting it cannot be allowed to continue. 3. Enact more useful and meaningful penalties for reporting inaccurate or erroneous information to a credit reporting agency, and create more severe penalties for chronic violators and repeated inaccuracies and the submission of inaccurate information that adversely affects an individual consumer. 4. Raise the penalties for the national credit reporting agencies when they fail to correct credit reports within 30 days, or fail to add submitted consumer statements within 30 days, or fail to process disputes within 30 days, or fail to block from their reports items that have been previously removed or corrected, unless the information is a new account or credit line with that creditor, lender, or company, or newly acquired by a different collection agency. 5. Legally require all banks and financial institutions to use a standard notification format and appearance to notify consumers of derogatory actions taken against an account of that consumer or a change in the terms and conditions of an account held by that consumer. 6. All such changes in terms and conditions or notification of derogatory actions must be sent to a consumer at least 45 days in advance of the date of the action. Except that, in the case of a suspension of charging privileges on a credit account or use of a credit line or the closing of a credit account or credit line by the bank, credit grantor, or lender can be executed on the date of the

communication of the decision, but will not become permanent until the consumer has been given 45 days to reply or attempt to correct the information used to make the derogatory action. 7. Require banks, lender, and financial institutions to give consumers 45 days from the date of notification of a change in terms to dispute or protest the decision directly with the bank, lender, or financial institution before such a change or changes can become effective. 8. Require banks, lenders, and financial institutions to allow consumers to close accounts at any time, even after being notified of a derogatory decision, at their existing APR and terms. If the consumer elects to close one or more accounts with that bank, lender, or financial institution, then the terms, conditions, rates, fees, and APRs in effect at the time of closing cannot be raised then or in the future, as long as the account or accounts remain closed and no new consumer initiated charges are incurred. Even with these legislative actions, the playing field will still not be level, but there is a true risk that lenders bear, and that must be respected and appreciated. However, the current system is rife with errors and unfair and improper practices. The system currently only allows those with the determination and willingness to fight and the patience to overcome the hurdles to get some fairness after errors have been made. This should not be an "Olympic" event. It should be a simple process of actions and decisions based upon facts and the utilization of effective procedures to correct errors and utilize factual information in order to make intelligent decisions. Sadly, decisions are made at any time on whatever information appears. The information is never evaluated before these decisions are made, and the decisions always adversely affect the consumer, a consumer who often knows nothing about what is going on until he is notified of the change. These bizarre actions all violate fundamental principles of "truth in lending" and lead to economic loss and potential hardship to the consumer. I urge Congress to act and to get the facts. Enough false information has been given to Congress and it is time to deal in the realities the consumers know all too well.