

CREDIT REPORTS & THE FAIR CREDIT REPORTING ACT

True or False?

“Federal law requires that you get your customer’s signature before you can run a credit report.”

Nope. Not true...even though you hear it all the time. Think about all those credit card marketers who call people up over the phone every day - no signed authorizations from those applicants.

Under the Fair Credit Reporting Act (15 U.S.C. § 1681 et seq.):

- 1.) a consumer must initiate the request; and
- 2.) the dealer must have a ‘legitimate business need’ to request a credit report.

According to the Indiana Attorney General’s Office Consumer Protection Division, it is good business practice to get a customer signature (or approval); but it is not required to prove compliance with the Fair Credit Reporting Act.

Summary: It is a very good business practice to have a rule like this at your dealership but federal and Indiana law do not require it.