

Ranking Member Maxine Waters Opening Statement at Hearing entitled “An Overview of the Credit Reporting System” September 10, 2014

As prepared for delivery

“Chair Capito, I’d like to thank you and Chairman Hensarling for granting my request for this important hearing.

Our nation’s credit reporting system impacts almost all Americans and their families. No longer are credit reports used exclusively by lenders in making credit decisions. Increasingly they are used to determine whether a consumer is qualified to get a job, rent a home, buy a car, or obtain auto or homeowners’ insurance.

But despite their growing significance, credit reports continue to contain inaccurate information. Some estimate serious errors affect up to 25 percent of reports. The Federal Trade Commission estimates one in five, or roughly 40 million consumers, have had an error on one of their credit reports – with 10 million facing increased costs as a result.

Sadly, the burden is too often placed on the consumers to prove information on their reports is false, rather than on the consumer reporting agencies and furnishers.

Errors on credit reports are very difficult for consumers to dispute – and it’s even harder to have these inaccuracies actually removed from reports, causing heartache and pain for millions across the country.

It’s time change that paradigm – and ensure that a bad credit score will no longer haunt a consumer for years on end.

That’s why this morning, I released a draft proposal that makes comprehensive, and long overdue reforms that will protect consumers and bring much needed accountability to the credit reporting system.

My proposal will provide relief to millions of borrowers who were victimized by predatory mortgage lenders and servicers by removing adverse information about residential loans that are found to be unfair, deceptive, abusive, fraudulent or illegal.

It stops punishing consumers who pay off their debts, by removing paid or settled debt from credit reports.

It ends the unreasonably long time periods that most adverse information can remain on credit reports, by shortening such periods by three years.

It provides credit rehabilitation to distressed private education loan borrowers by giving them a chance to repair their credit.

And it gives consumers the tools to truly verify the accuracy and completeness of their credit reports, by requiring furnishers to maintain records for as long as the information remains on a person's credit report.

Finally, the draft proposal also restricts the use of credit reports for employment purposes.

My proposal attempts to meet our obligation to ensure that consumers who have fallen victim – or fallen on hard times – are not deprived of the chance to achieve the American Dream. I look forward to hearing feedback from my colleagues and advocates on this measure.

Thank you, I yield back.”