

# KEWANEE CREDIT BUREAU

206 1/2 W. 2nd St. / PO Box 93 / Kewanee IL 61443 309-852-2574 fax: 309-852-0995  
11-B N. Sixth St. / PO Box 305 / Pekin IL 61555 309-856-6630 fax: 309-347-1351  
Web page: [www.kewaneecreditbureau.com](http://www.kewaneecreditbureau.com) e-mail: [lnelson@ocslink.com](mailto:lnelson@ocslink.com)

OCT. 31, 1995

VOL 3, #10

State law, he argued gave him that right to privacy.

## FTC REVERSES RISK SCORE DECISION

On September 1, 1995 the Federal Trade Commission announced that the Fair Credit Reporting Act does not require credit bureaus to disclose risk scores to consumers. The dramatic reversal of position came after three and one half years of debate and a 5-0 vote, which rescinded the earlier decision that risk scores be released as part of the disclosure process.

Defined simply as a statistical assessment of the data in a consumer's credit file, risk scores predict the financial performance of consumers - who might pay on time, be late, or default. Creditors, such as banks and department stores, use risk scores along with a credit report to determine crucial deciding factors about credit. Use of risk scores predates the passage of the FCRA, but has become a common credit reporting product for risk assessment in the last few years.

Because risk scores are a point-in-time analysis of a consumer's file, and not a part of the file, the FTC concluded that the FCRA did not require their disclosure, (ACB Communicator, Vol V, #10)

## "LIMITATION OF LIABILITY" OVER RIDES BROAD RIGHT OF PRIVACY

The Fair Credit Reporting Act over rides any right of privacy allowed a consumer by state law (Consumer Credit & Truth in lending compliance report 9/95). A federal judge's ruling recently illustrated the "limitation of liability" provision, which dictates that a consumer does not have the right to keep a credit bureau from disclosing information about him or her (Harper v TRW, Inc, 881 F Supp. 294 [E.D.Mich. 1995]).

A consumer initiated the lawsuit against TRW to prevent them from selling credit information about him. The consumer had never been denied credit based on his credit report, but he wanted simply the freedom from having his credit information maintained and provided to credit grantors.

The judge ruled that the FCRA precludes any right to privacy a state may grant, because of the limitation of liability. The FCRA provision that creates this limitation states that "no consumer may bring any action or proceeding in the nature of defamation, invasion of privacy, or negligence with respect to the reporting of information against any consumer reporting agency, any user of information...except as to false information furnished with malice of willful intent to injure the consumer. (ACA Communicator, Vol V, #10).

## NONBANKS GIVING MORE CREDIT

Banks as credit card issuers are on the downhill slide, according to a recently released survey by AMERICAN BANKER. With increased competition from nonbanks, whose success is attributed in the survey to advanced marketing skills and investments in sophisticated technology, banks have seen their slice of the credit card market pie shrink over the past 3 years.

The news for banks is not all bad - the survey indicates that although nonbanks have grown tremendously, their growth may have come at the cost of credit quality. According to AMERICAN BANKER, the five issuers with the highest percentage of concurrent loans - at least 90 days past due - are non banks. (ACB Communicator Vol V, #10)

## AMERICANS SPENDING MORE ON CREDIT

Americans increased their debt loads at a 10% annual rate in July, according to the Federal Reserve. In a report in the WALL STREET JOURNAL, it was noted that car loans jumped to a 15.8% annual rate in July as opposed to a 10.1% in June. Bank and other revolving credit rose at a 10.3% annual rate. The total debt load of Americans reached \$979.6 billion in July.

## KEWANEE CREDIT BUREAU HOURS

Monday - Friday 9:00am to 4:30pm  
Diane Ebens, Office Manager  
Larry Nelson, Pres.