

## The Consumer Financial Protection Bureau Issues Rule That Requires Employers to Update FCRA Summary Of Rights Form

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### Key Points

- The Consumer Financial Protection Bureau (CFPB) has issued an interim final rule requiring employers to update the summary of rights form given to applicants and employees in conjunction with a background check by a consumer reporting agency.
- The form must disclose that applicants and employees may receive free “national security freezes”, and that the minimum time that nationwide consumer reporting agencies must include an initial fraud alert in a consumer’s file is one year. The CFPB has updated its model form to comply with the new rule.
- The CFPB rule has the practical effect of requiring employers to provide an updated form at the initial stage of pre-employment screening **and** when the employer intends to take adverse action based on information obtained from a consumer report.

The CFPB’s **interim final rule** took effect on September 21, 2018, after its September 12<sup>th</sup> issuance. That rule interprets a new section of the Fair Credit Reporting Act (FCRA), which took effect in May 2018 when Congress passed the Economic Growth, Regulatory Relief, and Consumer Protection Act. Interpreting this new section, the CFPB updated two model consumer rights disclosure forms to include notice of the consumer’s right to a free national security freeze, and the extension from 90 days to one year of the minimum time that nationwide consumer reporting agencies must include an initial fraud alert in a consumer’s file. See 15 U.S.C. § 1681c-1. The **security freeze** prevents a credit reporting agency from releasing a consumer’s credit report without his or her consent, and prevents anyone from opening accounts in the name of that consumer.

The CFPB has interpreted the FCRA amendments to require that employers update the **Summary of Consumer Rights** provided to an applicant or employee before obtaining a consumer report and in conjunction with potential adverse action based on the report. The CFPB’s model summary is available [here](#).

### Contact

**Esther Lander**  
elande@akingump.com  
Washington, D.C.  
+1 202.887.4535

**Joshua Sekoski**  
jsekoski@akingump.com  
Washington, D.C.  
+1 202.887.4544

**James Crowley**  
jcrowley@akingump.com  
Washington, D.C.  
+1 202.887.4579

**Miranda Dore**  
mdore@akingump.com  
Washington, D.C.  
+1 202.887.4578

## Next Steps for Employers

The update requirements are effective now. Employers should obtain the CFPB's model form from the CFPB's website and provide it when obtaining an applicant's or employee's authorization to procure a consumer report, as well as when considering adverse action based on information in the report.