



*****Important Notice*****

Credit Reports for collection of delinquent child support, judgments, fines and liens may no longer be permitted

Federal courts recently have issued rulings about the use of consumer reports for the collection of an account under the Fair Credit Reporting Act (FCRA).¹

These cases note that certain definitions were added to the FCRA as part of the 2003 amendments (FACT Act). In particular, the word "credit" was defined. As a result of the new definition the position that is being advocated is that a "collection of an account" is a permissible purpose to obtain a consumer report **only when the collection is in connection with a credit transaction.**

The courts have specifically rejected prior case law and FTC guidance that a judgment creditor had permissible purpose, noting that those decisions pre-dated the FACT Act. These cases have held that a delinquent child support obligation, municipal fines arising from parking tickets, and a statutory debt resulting from the towing and impound of an illegally parked vehicle did not arise from a "credit transaction." As a result, the courts found that collection of those accounts was not a valid permissible purpose to obtain a consumer report.

If you use TransUnion consumer report services in connection with the collection of an account, we advise you to promptly review the new case law with your regular attorney or compliance advisor.

TransUnion will be contacting each customer that is a third-party collector to discuss this issue. We expect to confirm with you that you are in compliance with this new interpretation. Until then, unless you advise otherwise, we are relying upon you to comply with your contract with TransUnion and this new interpretation of the law. **This means that you may obtain TransUnion reports for collection purposes only when collecting on an obligation arising from a credit transaction, or where you have the written authorization of the consumer or a court order to obtain a consumer report.**

As an example, for collectors of delinquent child support debt, judgments, fines, or liens, you must have in hand:

- A court order authorizing a consumer reporting agency to provide a consumer report,
- A written authorization from the debtor to obtain a consumer report, or
- Some type of contractual agreement with the consumer that rises to the level of a credit transaction under law.

¹ Kevin D. Miller v. Trans Union LLC, Experian Information systems, Inc. and Supportkids, Inc., Case 1:06-cv-02883, 2/28/2007 (N.D. Illinois); Kenneth McCreedy vs. Linebarger Goggan Blair & Sampson, LLP, et al., Case: 06 C 4884, 8/15/2007 (N.D. Illinois), Maria E. Pintos v. Pacific Creditors Association, Experian Information Solutions, Inc., No. 04-17485, D.C. No. CV-03-05471-CW, 9/21/2007 (9th Circuit Court of Appeals).