

**Opening Statement of the Honorable Darlene Hooley (OR-5)**  
**House Financial Services Committee**  
**Subcommittee on Financial Institutions**  
**"Fair Credit Reporting Act: How it Functions for Consumers and the Economy"**  
**June 4, 2003**

Thank you Mr. Chairman and Ranking Member Sanders,

Good morning, I'm happy to be here for the second in the series of hearings on whether or not to reauthorize the seven expiring provisions of FCRA. As I said at the last hearing, I remain convinced that the credit system in place in the United States is the best credit system in the world, and I am hopeful that we can take positive steps in this 108<sup>th</sup> Congress to ensure that the supremacy of our credit system continues.

During the last hearing, I mentioned that I believe there is room for improvement in both industry practices and government regulation.

At that time I mentioned that foremost on my mind is the rising problem of Identity Theft....the fastest growing crime in the nation. On the day of the first hearing on FCRA, myself and Mr. LaTourette from Ohio introduced H.R. 2035, the Identity Theft and Financial Privacy Protection Act, with over 45 cosponsors.

However, I do not believe that the problems with our credit reporting system are merely limited to identity theft. Another problem that I would like this Committee to focus on is the continuing issue of inaccurate credit reports, as well as the amazing difficult process an individual must go through in order to correct these inaccuracies. A consumer should not, under any circumstances, be forced to spend 1 ½ years fixing an inaccuracy in their credit report, much less 4 years! We must do something to correct this problem.

Credit report inaccuracies also lead to me to question the practice of both employers and insurance providers using credit reporting scores to make employment and insurance decisions. If it can be demonstrated that low credit scores actually determines someone's employment performance, or a low score actually determines that someone is a higher risk for burglary, then maybe credit scores do serve a purpose in these fields...although I believe their use deserves careful scrutiny by this Committee.

However, imagine a young couple applying for home insurance that is forced to pay higher premiums because the husband shares his fathers name, and his father's loan defaults have appeared on the husbands credit report. Or imagine an unemployed high-tech worker that finally gets a job offer, only to be turned away because of a college loan that he had paid off, but that for one reason or another was declared delinquent.

It's easy to sit here in this Committee room and talk about "credit scores" determining risk, and about the low rate of inaccuracies that are reported to the FTC. But we in the Committee, and the

consumer groups and industry representatives in the audience, must remember that on the other end of these numbers are real lives that are depending on the accuracy of these numbers for housing, and even for jobs. These individuals deserve the most accurate reporting industry can provide, and we in Congress owe it to them to ensure that this maximum accuracy is provided.

Thank you Mr. Chairman.