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(Original Signature of Member)

115TH CONGRESS  
1ST SESSION

**H. R.** \_\_\_\_\_

To amend the Credit Repair Organizations Act to facilitate the development of consumer credit services, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

Mr. ROYCE of California introduced the following bill; which was referred to the Committee on \_\_\_\_\_

\_\_\_\_\_  
**A BILL**

To amend the Credit Repair Organizations Act to facilitate the development of consumer credit services, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Credit Services Protec-  
5 tion Act of 2017”.

6 **SEC. 2. PROTECTION OF CONSUMER CREDIT SERVICES.**

7 (a) IN GENERAL.—The Credit Repair Organizations  
8 Act (15 U.S.C. 1679 et seq.) is amended—

1 (1) by striking “title” each place such term ap-  
2 pears and inserting “chapter”;

3 (2) by striking “**TITLE IV—CREDIT RE-**  
4 **PAIR ORGANIZATIONS**” and inserting  
5 “**TITLE IV—CONSUMER CREDIT SERV-**  
6 **ICES**”;

7 (3) by inserting before the table of contents for  
8 such Act the following:

9 **“CHAPTER 1—CREDIT REPAIR”;**

10 (4) in section 403(3)(B)—

11 (A) in clause (ii), by striking “or” at the  
12 end;

13 (B) in clause (iii), by striking the period  
14 and inserting “; or”; and

15 (C) by adding at the end the following:

16 “(iv) any authorized credit services  
17 provider to the extent such provider offers,  
18 sells, provides, or performs credit and iden-  
19 tity protection services or credit education  
20 services (as such terms are defined, respec-  
21 tively, under section 423).”; and

22 (5) by inserting after section 413 the following:

23 **“CHAPTER 2—CREDIT AND IDENTITY**  
24 **PROTECTION AND CREDIT EDUCATION**

“Sec. 421. Short title.

“Sec. 422. Findings.

“Sec. 423. Definitions.

“Sec. 424. Promotion of credit and identity protection services and credit education services.

“Sec. 425. Applicability of Credit Repair Organizations Act to activities of authorized credit services providers other than credit and identity protection services or credit education services.

“Sec. 426. Relation to State law.

“Sec. 427. Process for registering as authorized credit services provider.

1 **“SEC. 421. SHORT TITLE.**

2 “This chapter may be cited as the ‘Credit Services  
3 Protection Act’.

4 **“SEC. 422. FINDINGS.**

5 “The Congress makes the following findings:

6 “(1) Consumer reports and credit scores have  
7 become widely available to consumers. In order to  
8 fully benefit from such access, however, consumers  
9 also need the tools to understand and improve their  
10 credit standing. By doing so consumers can gain  
11 greater access to credit and on better terms, which  
12 can help alleviate poverty, sustain the middle class,  
13 and grow the economy.

14 “(2) As cyber-attacks and data breaches have  
15 proliferated, consumers’ credit standing has also be-  
16 come increasingly threatened by identity theft,  
17 fraud, and other forms of unauthorized access. To  
18 help protect against these threats, consumers turn to  
19 credit monitoring and other credit and identity pro-  
20 tection tools and services.

21 “(3) Enacted in 1996, the Credit Repair Orga-  
22 nizations Act (15 U.S.C. 1679 et seq.) remains an

1 important law to protect consumers from exploi-  
2 tation and financial hardship resulting from credit  
3 repair, but in recent years the law also has worked  
4 to prevent credit education and credit and identity  
5 theft protection services from reaching consumers.

6 “(4) The provision of credit and identity protec-  
7 tion services and credit education services should be  
8 accompanied by reasonable and appropriate con-  
9 sumer protections.

10 **“SEC. 423. DEFINITIONS.**

11 “For the purposes of this chapter, the following defi-  
12 nitions apply:

13 “(1) AUTHORIZED CREDIT SERVICES PRO-  
14 VIDER.—The term ‘authorized credit services pro-  
15 vider’ means a person that has registered as an au-  
16 thorized credit services provider under section 427.

17 “(2) CREDIT.—The term ‘credit’ has the mean-  
18 ing given that term under section 403 of the Credit  
19 Repair Organizations Act.

20 “(3) CREDIT AND IDENTITY PROTECTION SERV-  
21 ICE.—The term ‘credit and identity protection serv-  
22 ice’—

23 “(A) means any service offered, sold, pro-  
24 vided, or performed to or for consumers for the  
25 express or implied purpose of protecting a con-

1           sumer’s credit standing or to detect or prevent  
2           the commission or remediate the consequences  
3           of identity theft, fraud, data breach, or other  
4           unauthorized financial or credit-related activity;  
5           and

6           “(B) does not include—

7                   “(i) advising or assisting in any activ-  
8                   ity described in subparagraphs (A) through  
9                   (C) of section 427(b)(2);

10                   “(ii) any services marketed to a con-  
11                   sumer during a call or session with a con-  
12                   sumer reporting agency (as defined under  
13                   section 603(f) of the Fair Credit Reporting  
14                   Act) regarding the exercise of any con-  
15                   sumer right under the Fair Credit Report-  
16                   ing Act or applicable State laws prior to  
17                   the consumer reporting agency meeting its  
18                   obligations under the Fair Credit Report-  
19                   ing Act or applicable State law required  
20                   for such call or session; or

21                   “(iii) any services provided without  
22                   compliance with sections 424(c) and  
23                   424(d).

24           “(4) CREDIT EDUCATION SERVICE.—The term  
25           ‘credit education service’—

1           “(A) means any service offered, sold, pro-  
2           vided, or performed to or for consumers for the  
3           express or implied purpose of counseling, edu-  
4           cating, or assisting consumers in under-  
5           standing, managing, or prospectively improving  
6           their credit standing, consumer report, credit  
7           scores, or access to credit; and

8           “(B) does not include—

9                   “(i) advising or assisting in any activ-  
10                  ity described in subparagraphs (A) through  
11                  (C) of section 427(b)(2);

12                   “(ii) any services marketed to a con-  
13                  sumer during a call or session with a con-  
14                  sumer reporting agency (as defined under  
15                  section 603(f) of the Fair Credit Reporting  
16                  Act) regarding the exercise of any con-  
17                  sumer right under the Fair Credit Report-  
18                  ing Act or applicable State laws prior to  
19                  the consumer reporting agency meeting its  
20                  obligations under the Fair Credit Report-  
21                  ing Act or applicable State law required  
22                  for such call or session; or

23                   “(iii) any services provided without  
24                  compliance with sections 424(c) and  
25                  424(d).

1           “(5) CONSUMER.—The term ‘consumer’ has the  
2           meaning given that term under section 403 of the  
3           Credit Repair Organizations Act.

4           “(6) CONSUMER REPORT.—The term ‘consumer  
5           report’ has the meaning given that term under sec-  
6           tion 603 of the Fair Credit Reporting Act.

7   **“SEC. 424. PROMOTION OF CREDIT AND IDENTITY PROTEC-**  
8                   **TION SERVICES AND CREDIT EDUCATION**  
9                   **SERVICES.**

10          “(a) INAPPLICABILITY OF THE CREDIT REPAIR OR-  
11          GANIZATIONS ACT TO CREDIT AND IDENTITY PROTEC-  
12          TION SERVICES AND CREDIT EDUCATION SERVICES.—  
13          The Credit Repair Organizations Act (15 U.S.C. 1679 et  
14          seq.) shall not apply to any authorized credit services pro-  
15          vider to the extent such provider offers, sells, provides, or  
16          performs credit and identity protection services or credit  
17          education services.

18          “(b) PROHIBITED PRACTICES.—No authorized credit  
19          services provider may—

20               “(1) make any statement, or counsel or advise  
21               any consumer to make any statement, which is un-  
22               true or misleading (or which, upon the exercise of  
23               reasonable care, should be known by the authorized  
24               credit services provider officer, employee, agent, or  
25               other person to be untrue or misleading) with re-

1       spect to any consumer’s credit worthiness, credit  
2       standing, or credit capacity to—

3               “(A) any consumer reporting agency (as  
4       defined under section 603(f) of the Fair Credit  
5       Reporting Act); or

6               “(B) any person—

7                       “(i) who has extended credit to the  
8       consumer; or

9                       “(ii) to whom the consumer has ap-  
10      plied or is applying for an extension of  
11      credit;

12               “(2) make any statement, or counsel or advise  
13      any consumer to make any statement, the intended  
14      effect of which is to alter the consumer’s identifica-  
15      tion to prevent the display of the consumer’s credit  
16      record, history, or rating for the purpose of con-  
17      cealing adverse information that is accurate and not  
18      obsolete to—

19               “(A) any consumer reporting agency (as  
20      defined under section 603(f) of the Fair Credit  
21      Reporting Act); or

22               “(B) any person—

23                       “(i) who has extended credit to the  
24      consumer;



1                   “(ii) to whom the consumer has ap-  
2                   plied or is applying for an extension of  
3                   credit; or

4                   “(iii) who has a permissible purpose  
5                   to obtain a consumer report under section  
6                   604 of the Fair Credit Reporting Act (15  
7                   U.S.C. 1681b) and is making an eligibility  
8                   determination in a transaction initiated by  
9                   the consumer;

10                  “(3) make or use any untrue or misleading  
11                  statement of the services offered by the authorized  
12                  credit services provider; or

13                  “(4) engage, directly or indirectly, in any act,  
14                  practice, or course of business that constitutes or re-  
15                  sults directly in the commission of, or attempt to  
16                  commit, a fraud or deception on any person in con-  
17                  nection with the offer or sale of the services of the  
18                  authorized credit services provider.

19                  “(c) MANDATORY DISCLOSURE.—Except as other-  
20                  wise provided by law, an authorized credit services pro-  
21                  vider shall disclose, in writing or electronically, the fol-  
22                  lowing disclosure, or a substantially similar disclosure, to  
23                  the consumer prior to the authorized credit services pro-  
24                  vider commencing credit and identity protection services  
25                  or credit education services to the consumer:

1 “Consumer Credit File Rights

2 “You have a right to dispute inaccurate information  
3 in your credit report free of charge by contacting the cred-  
4 it bureau directly. However, neither you nor any other  
5 company or organization has the right to have accurate,  
6 current, and verifiable information removed from your  
7 credit report. Under Federal law, the credit bureau must  
8 remove accurate, negative information from your report  
9 only if it is over 7 years old. Bankruptcy information can  
10 be reported for 10 years. It is unlawful to conceal, distort,  
11 or otherwise provide misleading information to a credit bu-  
12 reau.

13 “You have a right to obtain a free copy of your credit  
14 report annually from each of the three nationwide credit  
15 bureaus at [www.annualcreditreport.com](http://www.annualcreditreport.com).

16 “You have a right to obtain a copy of your credit  
17 report from a credit bureau at any other time for a reason-  
18 able fee. There is no fee, however, if you have been turned  
19 down for credit, employment, insurance, or a rental dwell-  
20 ing because of information in your credit report within the  
21 preceding 60 days. The credit bureau must provide at no  
22 cost to you someone to explain to you any information in  
23 the credit file disclosure you receive from the credit report-  
24 ing agency. You are entitled to receive a free copy of your  
25 credit report if you are unemployed and intend to apply

1 for employment in the next 60 days, if you are a recipient  
2 of public welfare assistance, or if you have reason to be-  
3 lieve that there is inaccurate information in your credit  
4 report due to fraud.

5 “Credit bureaus are required to follow reasonable  
6 procedures to ensure that the information they report is  
7 accurate. However, mistakes may occur.

8 “You may, on your own, notify a credit bureau in  
9 writing, through a toll-free telephone number established  
10 by the credit bureau or through a function of the credit  
11 bureau’s website, if available, that you dispute the accu-  
12 racy of information in your credit file. The credit bureau  
13 must then investigate your dispute and modify or remove  
14 inaccurate or incomplete information. The credit bureau  
15 may not charge any fee for this service. Any pertinent in-  
16 formation and copies of all documents you have concerning  
17 an error should be given to the credit bureau.

18 “If the credit bureau’s investigation does not resolve  
19 the dispute to your satisfaction, you may send a brief  
20 statement to the credit bureau, to be kept in your file,  
21 explaining why you think the record is inaccurate. The  
22 credit bureau must include a summary of your statement  
23 about disputed information with any report it issues about  
24 you.

1       “There are many different credit score models that  
2 can give an assessment of your relative risk of default for  
3 the same credit report. This risk of default is typically  
4 expressed in a three-digit number known as a credit score.

5       “There are various types of credit scores, and lenders  
6 use a variety of different types of credit scores to make  
7 lending decisions.

8       “The Federal Trade Commission is one of the agen-  
9 cies that regulates credit bureaus. For more information  
10 visit [www.consumer.ftc.gov](http://www.consumer.ftc.gov). You may also contact the Bu-  
11 reau of Consumer Financial Protection at  
12 [www.consumerfinance.gov](http://www.consumerfinance.gov).

13       “(d) RIGHT TO TERMINATION OF CONTRACT.—

14             “(1) IN GENERAL.—A consumer shall have the  
15 right to terminate a contract for credit and identity  
16 theft protection services and credit education serv-  
17 ices within three business days beginning on the  
18 date that the consumer enters into such contract  
19 with the authorized credit services provider.

20             “(2) REASONABLE VALUE PROVIDED.—If a  
21 consumer terminates a contract pursuant to para-  
22 graph (1), the authorized credit services provider  
23 shall be entitled to the reasonable value for services  
24 actually rendered prior to termination, not to exceed  
25 the total amount paid by the consumer, but an au-





1 istration that contains the information described in sub-  
2 section (b).

3 “(b) REQUIRED INFORMATION.—An application for  
4 registration under this section shall contain the following:

5 “(1) A statement setting forth the person’s full  
6 corporate organization, all affiliates of the person,  
7 and all officers, directors, and any other individuals  
8 with substantial management oversight over the per-  
9 son.

10 “(2) A statement that the person has elected to  
11 adhere to, and duly represents and warrants annu-  
12 ally and publicly, the following standards:

13 “(A) The person, or any of its affiliates,  
14 does not advise or assist consumers in modi-  
15 fying or removing, or attempting to modify or  
16 remove, adverse information that is accurate  
17 and not obsolete from a consumer’s consumer  
18 report.

19 “(B) The person, or any of its affiliates,  
20 does not assist consumers in altering a con-  
21 sumer’s existing credit record, credit history, or  
22 credit score by concealing or distorting, or at-  
23 tempting to conceal or distort, adverse informa-  
24 tion that is accurate and not obsolete.

1           “(C) The person, or any of its affiliates,  
2           does not assist consumers in interacting with  
3           consumer reporting agencies described in sec-  
4           tion 603(f) of the Fair Credit Reporting Act in  
5           any manner which interferes with the lawful op-  
6           eration of such consumer reporting agencies.

7           “(D) The person, or any of its affiliates,  
8           does not use the term ‘credit repair’ in its mar-  
9           keting of credit and identity protection services  
10          and credit education services.

11          “(E) The person provides consumers with  
12          the mandatory disclosure described in section  
13          424(c) prior to entering into a contract or  
14          agreement for services, and a right to cancella-  
15          tion, in accordance with the provisions of this  
16          chapter.

17          “(3) A copy of the policies and procedures  
18          adopted and implemented by the person to ensure  
19          and document compliance with the provisions of this  
20          Act, including, policies and procedures for—

21                 “(A) executing a contract with the con-  
22                 sumer to commence the authorized services;

23                 “(B) providing the mandatory disclosure  
24                 set forth in subsection 424(c);



1           “(C) providing consumers with the right to  
2           terminate a contract for services in accordance  
3           with subsection 424(d); and

4           “(D) upon termination, determining the  
5           reasonable value of services actually rendered,  
6           in accordance with the provisions of 424(d)(2).

7           “(4) A general description of the credit and  
8           identity protection services and credit education  
9           services that the person plans to offer, sell, provide,  
10          or perform to or for consumers under the provisions  
11          of this Act.

12          “(5) A statement that the person will—

13                 “(A) on a biennial basis, provide to the  
14                 Federal Trade Commission an update, if need-  
15                 ed, to the person’s corporate organization, poli-  
16                 cies and procedures, and general description of  
17                 services provided pursuant to this subsection;

18                 “(B) on a biennial basis, obtain an assess-  
19                 ment from a qualified, objective, independent,  
20                 third-party professional of the person’s actual  
21                 compliance record with the representations and  
22                 warranties in paragraph (2); and

23                 “(C) retain such assessment and provide it  
24                 to the Federal Trade Commission as soon as  
25                 reasonably practicable, but in no event more

1           than 10 business days, after the Federal Trade  
2           Commission requests the assessment.

3           “(c) CONSIDERATION OF APPLICATIONS AND EXPE-  
4           DITED RESPONSE.—

5           “(1) TIMING.—The Federal Trade Commission  
6           shall act by approving or denying applications sub-  
7           mitted pursuant to this section within 60 days of the  
8           submission, and shall set forth in writing its conclu-  
9           sions with regard to such requests.

10          “(2) ADDITIONAL INFORMATION.—The Federal  
11          Trade Commission may request that an applicant  
12          provide additional information that is reasonably re-  
13          lated to one or more of the application elements enu-  
14          merated in subsection (b), including by requesting  
15          that the applicant submit supplemental materials,  
16          answer questions in writing, or appear in person be-  
17          fore the Commissioners or their designee.

18          “(3) DEEMED REGISTRATION.—An application  
19          that has not been acted upon by the Federal Trade  
20          Commission within 60 days of submission shall be  
21          deemed as approved and the person shall be reg-  
22          istered as an authorized credit services provider.

23          “(4) EXTENSION OF TIME FOR ADDITIONAL IN-  
24          FORMATION.—If the Federal Trade Commission re-  
25          quests additional information pursuant to paragraph

1 (2), the applicant shall have up to 30 days to re-  
2 spond in writing or appear before the Commission as  
3 requested. The Commission shall then have an addi-  
4 tional 30 days to act upon such response, and if not  
5 acted upon within 30 days, the application shall be  
6 deemed as approved and the person shall be reg-  
7 istered as an authorized credit services provider. In  
8 no event shall the status of an application remain  
9 unresolved beyond 120 days from the date of its  
10 original submission.

11 “(d) REVOCATION.—

12 “(1) IN GENERAL.—The Federal Trade Com-  
13 mission shall have the authority to rescind a per-  
14 son’s registration that was issued under this section  
15 if the Commission determines that the person has  
16 failed to comply with the obligations and standards  
17 set forth in this Act.

18 “(2) OPPORTUNITY TO CURE DEFECTS.—The  
19 Federal Trade Commission shall provide an author-  
20 ized credit services provider a reasonable opportunity  
21 to cure any defects before moving to revoke a per-  
22 son’s registration as an authorized credit services  
23 provider.

24 “(3) RETROACTIVE REVOCATION.—If the Fed-  
25 eral Trade Commission determines that a person

1 who has registered as an authorized credit services  
2 provider, or any of the person's affiliates, has—

3 “(A) engaged in any activity described  
4 under subparagraphs (A) through (C) of sub-  
5 section (b)(2),

6 “(B) knowingly made false statements in  
7 any written statement required under this chap-  
8 ter, or

9 “(C) willfully or repeatedly violated, or  
10 willfully or repeatedly failed to observe, any  
11 provision of this Act,

12 the Federal Trade Commission shall have the au-  
13 thority to deem a revocation effective at the time im-  
14 mediately prior to when the activity occurred.

15 “(e) JUDICIAL REVIEW OF REVOCATION.—

16 “(1) IN GENERAL.—Any person for whom a  
17 registration under this section has been revoked may  
18 obtain review of such revocation in a court of ap-  
19 peals of the United States in accordance with the  
20 procedures set forth in section 5(c) of the Federal  
21 Trade Commission Act, except that—

22 “(A) the court of appeals shall hold unlaw-  
23 ful and set aside a revocation if the court finds  
24 that the Federal Trade Commission's action is

1 not supported by substantial evidence in the ad-  
2 judicatory record; and

3 “(B) the filing of a petition for review shall  
4 operate as a stay of the revocation until the  
5 date on which the determination of the court is  
6 final (including any appeal of the determina-  
7 tion), but in the event the court’s final deter-  
8 mination upholds revocation, the effective date  
9 of the revocation shall be the date as deter-  
10 mined by the Federal Trade Commission.

11 “(2) ADJUDICATORY RECORD DEFINED.—For  
12 purposes of this subsection, the term ‘adjudicatory  
13 record’ means the Federal Trade Commission’s  
14 statement of basis and purpose for revocation, the  
15 person’s registration application materials, any writ-  
16 ten submissions by the person or transcripts of oral  
17 testimony, and any other evidence that the Commis-  
18 sion considers relevant to the revocation.

19 “(3) ADDITIONAL SUBMISSIONS AND PRESEN-  
20 TATIONS.—If the person or the Federal Trade Com-  
21 mission applies to the court for leave to make addi-  
22 tional oral submissions or written presentations and  
23 shows to the satisfaction of the court that such sub-  
24 missions and presentations would be material and  
25 that there were reasonable grounds for the submis-

1 sions and failure to make such submissions and  
2 presentations in the proceeding before the Commis-  
3 sion, the court may order the Commission to provide  
4 additional opportunity to make such submissions  
5 and presentations.”.

6 (b) EFFECTIVE DATE.—The amendments made by  
7 this section shall take effect after the 60-day period begin-  
8 ning on the date of the enactment of this Act.