

Freedom from Equifax Exploitation (FREE) Act

On September 7, 2017, Equifax announced that hackers had stolen sensitive personal information – including Social Security numbers, birth dates, credit card numbers, and driver’s license numbers – for as many as 143 million Americans. The attack highlighted that credit reporting agencies hold vast amounts of data on millions of Americans and lack adequate safeguards against hackers.

The attack and its aftermath also highlighted another critical fact: credit reporting agencies make billions of dollars collecting and selling information about consumers, but consumers have little ability to control how their personal information is collected, used, and secured by these agencies.

The Warren-Schatz Freedom from Equifax Exploitation (FREE) Act starts to address this problem by giving consumers more control over their personal financial data and more tools to protect themselves in the wake of the Equifax data breach. The bill empowers consumers by:

- Creating a uniform, federal process for obtaining and lifting a credit freeze: Currently, there is no federal requirement for credit reporting agencies to offer consumers a credit freeze, and consumer rights vary widely depending on which state they live in. The bill creates a federal obligation for credit reporting agencies to offer credit freezes and to respond promptly to consumer requests for a freeze, a temporary lift of a freeze, and a permanent removal of a freeze.
- Requiring credit reporting agencies to allow consumers to impose, temporarily lift, or permanently remove a credit freeze for free: Credit reporting agencies gather information without consumers’ consent and make billions of dollars from selling this data. Consumers should not need to pay to stop credit reporting agencies from allowing others to access their data.
- Preventing the credit reporting agencies from profiting off the use of consumers’ information for the duration of their credit freeze: In addition to providing consumer files to third parties checking a specific consumer’s credit, credit reporting agencies sell lists of consumers with certain characteristics to companies trying to target their marketing. The bill would prohibit credit reporting agencies from putting consumers on those lists for the duration of the credit freeze.
- Enhancing fraud alert protections: The bill will allow consumers to request that a fraud alert be included in their credit file if they have suspicion that they were harmed by the unauthorized disclosure of their personal identifying information. The bill would also extend the length of the alert from 90 days to one year, which can be renewed for an additional year. In the case of identity theft, the bill also provides for a renewable 7-year fraud alert, during the course of which credit reporting agencies are prohibited from including the consumer on a marketing list.
- Allowing consumers to get a refund on any fee credit reporting agencies charged them to impose a credit freeze in the wake of the Equifax breach: Equifax put consumers’ files – and, by extension, their financial well-being – at risk. No credit reporting agency should profit when one of the three major players in the industry was responsible for putting consumers at greater risk of identity theft. The bill provides an automatic refund for any consumer who paid a credit reporting agency for a credit freeze after the public disclosure of the Equifax breach.
- Providing the opportunity for consumers to get an additional free credit report: Under the Fair Credit Reporting Act, consumers are entitled to one free credit report a year. Consumers who have already checked their credit report this year should have the ability to check their report again – at no cost – in order to detect and fix any damage done by the Equifax breach.