



H.B. 339

126th General Assembly
(As Introduced)

Reps. DeGeeter, Cassell, Hughes, Key, Reidelbach, C. Evans, Williams, Healy, Skindell, Domenick, Hartnett, Koziura, Miller, Distel, Harwood, Otterman, Perry, Bubb, T. Patton, Carano, S. Patton, Allen, Boccieri, Gilb

BILL SUMMARY

- Permits a consumer to request a "consumer reporting agency" to place a "security freeze" on the consumer's credit report.
- Creates general procedures for a security freeze request by a consumer to a consumer reporting agency, and for the actions of the consumer reporting agency in response to that request.
- Provides a procedure for a consumer to release a credit report subject to a security freeze to a specific person or to lift the security freeze for a limited period of time.
- Establishes a list of entities to whom a consumer reporting agency may release a consumer credit report on which a security freeze has been placed.

CONTENT AND OPERATION

Consumer's credit report security freeze

(R.C. 1349.60 and 1349.61)

The bill permits a consumer to request that a consumer reporting agency place a "security freeze" on the consumer's credit report. "Security freeze" is defined in the bill as "a notice placed in a consumer's credit report that prohibits a consumer reporting agency from releasing the consumer's credit report or information contained in the consumer's credit report without authorization from the consumer."

The bill also outlines the procedures for initiating a security freeze and the actions required by the consumer reporting agency in response to the consumer's request as follows:

- The consumer reporting agency may not charge the consumer a fee for placing or removing or for temporarily releasing a credit report from a security freeze.
- A consumer who elects to place a security freeze on the consumer's credit report must do so by means of a written request to the consumer reporting agency via certified mail.
- A consumer reporting agency must initiate the security freeze no later than seven days after it receives a request, and must send the consumer written confirmation of the security freeze within 14 days.
- The written confirmation sent by the consumer reporting agency must include a unique personal identification number or password, which cannot be the consumer's social security number. The consumer can request to change the personal identification number or password, and the consumer reporting agency must make the change within seven days after the request is received.
- The written confirmation must include the statement as provided in the bill. The statement explains the right to a security freeze, the procedures for initiating and removing a security freeze, as well as a warning that the security freeze may

"delay, interfere with, or prohibit the timely approval of any subsequent request or application you make regarding a new loan, credit, mortgage, insurance, government services or payments, rental housing, employment, investment, license, cellular telephone, utilities, digital signature, internet credit card transaction, or other services"

- Once a security freeze is in place, a consumer reporting agency may not release a consumer's credit report to a third party without prior express authorization from the consumer. Under the bill, however, the consumer reporting agency is not prohibited from advising a third party that a security freeze is in place.



- A security freeze must remain in effect until no later than five days after the consumer requests, according to procedures outlined in the bill (see below), for the security freeze to be removed.
- A consumer reporting agency must confirm in writing to the consumer, within 30 days, certain changes the agency makes to the consumer's credit report.

The bill specifies that a third party who requests a credit report upon which a consumer reporting agency has placed a freeze, and to whom the consumer has not authorized the release of the credit report, may consider any credit application as incomplete. The placement of a security freeze on a consumer's credit report may not be considered an adverse factor in the consumer's creditworthiness, credit standing, or credit capacity.

Release from security freeze

(R.C. 1349.62 and 1349.63)

A consumer may authorize the temporary release of his or her credit report to a third party or for a specific period of time by contacting the consumer reporting agency and providing proper identification, the consumer's personal identification or password, and the name and address of the third party who is to receive the report or the time period involved. A consumer reporting agency must then release the credit report to the specified third party within five days after receiving the request. If the request is for a specific period of time rather than a third party, the consumer reporting agency must honor any proper request to release the credit report submitted during the time period requested.

The bill permits a consumer reporting agency to develop procedures to receive and process consumers' requests for a temporary release of a credit report. These procedures may include, but are not limited to, requests sent by e-mail, letter, or fax.

Entities not affected by the security freeze

(R.C. 1349.64)

The bill establishes a list of entities to whom a consumer reporting agency may release a consumer credit report on which a security freeze has been placed. These are: (1) a third party when the consumer has requested a temporary release according to procedures outlined in the bill, (2) certain persons, or their subsidiaries, affiliates or agents, with whom the person has or has had an account or contract, or a prospective assignee of a financial obligation that the consumer

owes to a person for the purposes of reviewing the account (so as to maintain, monitor, upgrade, or enhance the account or its credit line), (3) a person seeking to use the information contained in the consumer's credit report for the purpose of prescreening pursuant to the federal Fair Credit Reporting Act (15 U.S.C. 1681 et seq.), (4) any person administering a credit report monitoring subscription service to which the consumer has subscribed, (5) any person for the purpose of providing a consumer with a copy of the consumer's credit report upon the consumer's request, (6) any federal, state, or local governmental entity, agency or instrumentality that is acting within their authority, (7) a state or local government agency, law enforcement agency, court, or private collection agency acting pursuant to a court order, warrant, or subpoena, (8) a child support enforcement agency acting pursuant to R.C. Chapter 3121. or Title IV-D of the "Social Security Act (42 U.S.C. 651 et seq.), and (9) an employer for pre-employment screenings relating to the consumer, or for decisions or investigations relating to the consumer's current or former employment with the employer.

Right to refuse a security freeze request

(R.C. 1349.65)

The bill allows a consumer reporting agency to refuse to implement a security freeze or to remove a security freeze if the agency believes, in good faith, that the request for the security freeze was made as part of a fraud in which the consumer participated or a misrepresentation by the consumer. The consumer reporting agency must notify the consumer in writing, within seven days, after the refusal or removal.

Definition(s)

The bill defines a "consumer reporting agency" as per another section of the Revised Code (4712.01), which is the definition section of the Credit Services Organization Law and, in term, says that "consumer reporting agency" has the same meaning as in the "Fair Credit Reporting Act." The definition in the federal act says that a consumer reporting agency means "any person which, for monetary fees, dues, or on a cooperative nonprofit basis, regularly engages in whole or in part in the practice of assembling or evaluating consumer credit information or other information on consumers for the purpose of furnishing consumer reports to third parties. . . ."

COMMENT

The federal Fair Credit Reporting Act (15 U.S.C. 1681 et seq.) regulates consumer reporting agencies.

HISTORY

ACTION	DATE	JOURNAL ENTRY
Introduced	09-13-05	p. 1632

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