
SUBSTITUTE SENATE BILL 5516

State of Washington

52nd Legislature

1991 Regular Session

By Senate Committee on Financial Institutions & Insurance (originally sponsored by Senators Williams, Moore and Pelz).

Read first time March 6, 1991.

1 AN ACT Relating to consumer credit information; adding a new
2 chapter to Title 19 RCW; and prescribing penalties.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** It is the intent of the legislature to
5 encourage the use of positive identification systems to the maximum
6 extent possible in consumer credit reporting by consumer reporting
7 agencies and business reporting agencies in order to improve
8 identification of information on reports. The legislature finds that
9 consumers and businesses are being denied credit or experiencing credit
10 difficulties due to inaccuracies in credit reporting, reporting of
11 others' credit problems on their credit reports, and inappropriate
12 credit denial practices.

1 NEW SECTION. **Sec. 2.** Unless the context clearly requires
2 otherwise, the definitions in this section apply throughout this
3 chapter.

4 (1) "Business reporting agency" means an entity that reports on the
5 credit history of any business, including sole proprietorships,
6 partnerships, and corporations.

7 (2) "Consumer reporting agency" means an entity that reports on the
8 credit history of an individual as defined in the federal fair credit
9 reporting act, 15 U.S.C. Sec. 1681a (d) and (f). This definition is
10 not intended to prevent reporting of individuals doing business as sole
11 proprietorships or partnerships, or who are principals in a corporate
12 entity.

13 (3) "Credit applicant" means a person or business on whom a credit
14 report is being or has been created.

15 (4) "Credit reporting agency" means a business reporting agency or
16 a consumer reporting agency.

17 (5) "Report user" means an entity that accesses or uses credit
18 history information generated by consumer or business reporting
19 agencies.

20 NEW SECTION. **Sec. 3.** (1) Credit reporting agencies and report
21 users shall use, in addition to any other identifying information, a
22 credit applicant's social security number, a federal taxpayer
23 information number, or other positive identification system, if made
24 available by the applicant, to avoid confusion with another's credit
25 reports.

26 (2) Report users shall not at any time or in any way compel
27 individuals to provide identifying information. Because providing a
28 social security number or other identifying information increases the
29 accuracy of consumer and business credit and financial reports, report

1 users may, for purposes of determining credit worthiness, require
2 identifying information before authorizing credit.

3 (3) Individuals or businesses shall not knowingly and with intent
4 to defraud provide inaccurate identifying information, including, but
5 not limited to, inaccurate social security numbers or federal taxpayer
6 identification numbers, to the report user.

7 NEW SECTION. **Sec. 4.** A consumer reporting agency may furnish
8 a consumer report under the following circumstances and no other:

9 (1) In response to the order of a court having jurisdiction to
10 issue such an order.

11 (2) In accordance with the written instructions of the consumer to
12 whom it relates.

13 (3) To a person it has reason to believe:

14 (a) Intends to use the information in connection with a credit
15 transaction involving the consumer on whom the information is to be
16 furnished and involving the extension of credit to, or review or
17 collection of an account of, the consumer;

18 (b) Intends to use the information for employment purposes;

19 (c) Intends to use the information in connection with the
20 underwriting of insurance involving the consumer;

21 (d) Intends to use the information in connection with a
22 determination of the consumer's eligibility for a license or other
23 benefit granted by a governmental instrumentality required by law to
24 consider an applicant's financial responsibility or status; or

25 (e) Otherwise has a legitimate business need for the information in
26 connection with a business transaction involving the consumer.

27 NEW SECTION. **Sec. 5.** Credit inquiries into a person's credit
28 report shall not be used as the sole factor in denying credit.

1 NEW SECTION. **Sec. 6.** (1) Consumer reporting agencies shall
2 correct inaccuracies in credit reports within thirty days of
3 discovering the inaccuracy. Written notice of the correction shall be
4 sent to the credit applicant at the credit applicant's last known
5 address within sixty days after discovering the inaccuracy.

6 (2) In extraordinary circumstances, a consumer reporting agency
7 shall notify the credit applicant of the extraordinary circumstance
8 preventing correction of an inaccuracy within the thirty-day period in
9 subsection (1) of this section and indicate that a further response is
10 forthcoming.

11 (3) A credit applicant's written objections to information
12 contained in his or her credit report, or a brief statement that
13 includes "In Dispute, See Customer Statement Below" or substantially
14 similar language, shall be included in the same portion of the report
15 as the disputed information.

16 NEW SECTION. **Sec. 7.** (1) Applicants may request and receive
17 a free up-to-date credit report if they are rejected for credit.

18 (2) Upon written request, credit applicants may receive, at the
19 charge of five dollars, one copy of their credit report once per
20 calendar year from each consumer reporting agency compiling credit
21 reports on the applicant. Such reports shall be used by the applicant
22 solely for the purpose of verifying the accuracy of the contents of the
23 reports and shall not be used for any other purpose.

24 NEW SECTION. **Sec. 8.** (1) Any person who violates this chapter
25 shall be subject to statutory damages under this chapter not to exceed
26 two hundred fifty dollars for each violation, recoverable in a civil
27 action brought by the credit applicant, credit reporting agency, report
28 user, or the attorney general, or by the prosecuting or city attorney

1 of the county or city in which the violation occurred. However, no
2 statutory damages under this chapter may be recovered for a violation
3 of this chapter if the defendant shows by a preponderance of the
4 evidence that the violation resulted from a bona fide error made
5 notwithstanding the defendant's maintenance of procedures reasonably
6 adopted to avoid such an error.

7 (2) The attorney general, or any prosecuting or city attorney
8 within his or her respective jurisdiction, may bring an action in a
9 court of competent jurisdiction in the name of the people of the state
10 of Washington to enjoin reoccurring violations of this chapter and,
11 upon notice to the defendant of not less than five days, to temporarily
12 restrain and enjoin the violations. If it appears to the satisfaction
13 of the court that the defendant has, in fact, violated this chapter,
14 the court may issue an injunction restraining further violations
15 without requiring proof that any person has been damaged by the
16 violation.

17 (3) In these proceedings, if a court finds that the defendant has
18 violated this chapter, the court may direct the defendant to pay any or
19 all costs, including reasonable attorneys' fees, incurred by the
20 attorney general or prosecuting or city attorney in seeking or
21 obtaining relief under this section.

22 (4) A prevailing party is entitled to receive expenses for opposing
23 a frivolous action as provided for in RCW 4.84.185.

24 NEW SECTION. **Sec. 9.** This chapter shall be known and cited as
25 the fair credit reporting act.

26 NEW SECTION. **Sec. 10.** Sections 1 through 9 of this act shall
27 constitute a new chapter in Title 19 RCW.

1 NEW SECTION. **Sec. 11.** If any provision of this act or its
2 application to any person or circumstance is held invalid, the
3 remainder of the act or the application of the provision to other
4 persons or circumstances is not affected.