BLOG

Credit Reporting Agency to Pay $1.8 Million for Alleged FCRA Violations

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Teletrack Inc., a consumer credit reporting agency being investigated by the FTC, agreed to a consent judgment in which it will pay $1.8 million due to alleged violations of the Fair Credit Reporting Act (FCRA). In the complaint, the FTC alleged that Teletrack sold sensitive consumer information without a permissible purpose. The FTC argued that Teletrack is subject to the FCRA because it "regularly sells…information on consumers that it assembles for the purpose of furnishing consumer reports to third parties." Teletrack sells consumer reports to businesses that serve primarily consumers in financial distress, such as payday lenders. Through its credit reporting business, Teletrack developed a database of sensitive consumer information that it allegedly sold to marketers who used the information to target potential customers. The FTC alleged Teletrack's activities violated the FCRA because marketing is not a permissible purpose for furnishing consumer reports. In addition to the $1.8 million penalty, Teletrack has also agreed to only furnish consumer reports to entities who it believes have a permissible purpose under the FCRA for obtaining the reports.

TIP: Companies compiling or selling sensitive consumer data to marketers should take case to comply with the FCRA and understand their obligations should they fall under the restrictions of the Act.

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