

FTC Issues Statement on Employer Requirements Under FCRA

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The Federal Trade Commission recently issued a [statement](#) addressing the requirements under the Fair Credit Reporting Act for obtaining a consumer report for employment purposes. The statement was submitted to the U.S. Commission on Civil Rights and outlined the responsibilities of both consumer reporting agencies, who provide the reports, and employers. Consumer reporting agencies must take reasonable measures to ensure an employer is using the report for a permissible purpose, limited to employment, promotion, reassignment or retention. Consumer reporting agencies must also ensure the information in the report is accurate, along with other protections for consumers. Employers must provide notice to applicants or employees that a consumer report may be used, and obtain the individual's written consent. Before taking an adverse action, such as denying a job application or terminating an employee, based on information in a consumer report, employers must make certain disclosures to the individual and provide the individual with a copy of the consumer report and a summary of their rights under the Act.

Tip: Employers who use consumer reports, including criminal background reports or credit reports, should ensure that they are complying with the Act requirements, including providing copies of reports before taking adverse actions.

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