

HB5988



98TH GENERAL ASSEMBLY

State of Illinois

2013 and 2014

HB5988

by Rep. Derrick Smith

SYNOPSIS AS INTRODUCED:

815 ILCS 505/2RRR new

Amends the Consumer Fraud and Deceptive Business Practices Act. Provides that it is an unlawful practice for a consumer reporting agency to lower a consumer's credit score solely because of credit inquiries regarding the consumer's credit.

LRB098 17776 JLS 52897 b

A BILL FOR

1 AN ACT concerning business.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Consumer Fraud and Deceptive Business
5 Practices Act is amended by adding Section 2RRR as follows:

6 (815 ILCS 505/2RRR new)

7 Sec. 2RRR. Credit inquiries affecting credit scores.

8 (a) It is an unlawful practice for a credit reporting
9 agency to use any designated credit inquiries made to a
10 consumer reporting agency with respect to the consumer as a
11 negative factor in:

12 (1) evaluating a consumer's creditworthiness, credit
13 standing, or credit capacity; or

14 (2) determining:

15 (A) a consumer's eligibility for credit; or

16 (B) the terms or costs of any credit extended to a
17 consumer.

18 (b) It is an unlawful practice for a credit reporting
19 agency to consider any credit score generated for the consumer
20 if the credit score is based upon a methodology in which the
21 credit score is adversely affected by any designated credit
22 inquiries made with respect to the consumer in:

23 (1) evaluating a consumer's creditworthiness, credit

1 standing, or credit capacity; or

2 (2) determining:

3 (A) a consumer's eligibility for credit; or

4 (B) the terms or costs of any credit extended to a
5 consumer.

6 (c) As used in this Section:

7 (1) "Consumer" means an individual:

8 (A) whose principal residence is in Illinois; and

9 (B) whose credit information and history are
10 recorded in a consumer report.

11 (2) "Consumer report" means any written, oral, or other
12 communication of any information that:

13 (A) is made by a consumer reporting agency;

14 (B) bears on a consumer's creditworthiness, credit
15 standing, credit capacity, character, general
16 reputation, personal characteristics, or mode of
17 living; and

18 (C) is used or expected to be used or collected in
19 whole or in part for the purpose of serving as a factor
20 in establishing a consumer's eligibility for:

21 (i) credit or insurance to be used primarily
22 for personal, family, or household purposes;

23 (ii) employment purposes; or

24 (iii) any other purpose authorized under
25 Section 604 of the federal Fair Credit Reporting
26 Act (15 U.S.C. 1681b).

1 (3) "Consumer reporting agency" means any person that,
2 for monetary fees or dues or on a cooperative nonprofit
3 basis, regularly engages in whole or in part in the
4 practice of assembling or evaluating consumer credit
5 information or other information on consumers for the
6 purpose of furnishing consumer reports to third parties.

7 (4) "Credit file", with respect to a consumer, means
8 all the information that:

9 (A) pertains to the consumer; and

10 (B) is recorded and retained by a consumer
11 reporting agency, regardless of how the information is
12 stored.

13 (5) "Creditor" means:

14 (A) a lender of money; or

15 (B) a vendor or lessor of goods, services,
16 property, rights, or privileges for which payment is
17 arranged through a credit transaction.

18 "Creditor" includes any successor in interest to,
19 affiliate, associate, or subsidiary of, or director,
20 officer, or employee of a lender, vendor, or lessor
21 described in this item (5).

22 (6) "Credit score" means a numerical value or a
23 categorization that:

24 (A) is derived from a statistical tool or modeling
25 system; and

26 (B) is used by a creditor to predict the likelihood

1 of certain credit behaviors, including default,
2 regardless of whether the numerical value or
3 categorization is referred to as a "credit score",
4 "risk predictor", "risk score", some other term, or by
5 a proprietary name.

6 (7) "Designated credit inquiry" refers to any of the
7 following credit inquiries made to a consumer reporting
8 agency about a consumer:

9 (A) a credit inquiry:

10 (i) not initiated by the consumer; or

11 (ii) requested by the consumer for the
12 consumer's own credit information.

13 (B) a credit inquiry relating to insurance
14 coverage.

15 (C) multiple creditor inquiries:

16 (i) coded by the consumer reporting agency on
17 the consumer's consumer report as being from
18 creditors engaged in the same industry; and

19 (ii) made within 30 days of one another.