

AN ACT concerning business.

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

Section 5. The Consumer Fraud and Deceptive Business Practices Act is amended by changing Section 2MM as follows:

(815 ILCS 505/2MM)

Sec. 2MM. Verification of accuracy of consumer reporting information used to extend consumers credit and security freeze on credit reports.

(a) A credit card issuer who mails an offer or solicitation to apply for a credit card and who receives a completed application in response to the offer or solicitation which lists an address that is not substantially the same as the address on the offer or solicitation may not issue a credit card based on that application until reasonable steps have been taken to verify the applicant's change of address.

(b) Any person who uses a consumer credit report in connection with the approval of credit based on the application for an extension of credit, and who has received notification of a police report filed with a consumer reporting agency that the applicant has been a victim of financial identity theft, as defined in Section 16-30 or 16G-15 of the Criminal Code of 1961 or the Criminal Code of 2012, may not lend money or extend

credit without taking reasonable steps to verify the consumer's identity and confirm that the application for an extension of credit is not the result of financial identity theft.

(c) A consumer may request that a security freeze be placed on his or her credit report by sending a request in writing by certified mail or by at least one of telephone or electronic means to a consumer reporting agency at an address or telephone or electronic location designated by the consumer reporting agency to receive such requests.

The following persons may request that a security freeze be placed on the credit report of a person with a disability:

(1) a guardian of the person with a disability who is the subject of the request, appointed under Article XIa of the Probate Act of 1975; and

(2) an agent of the person with a disability who is the subject of the request, under a written durable power of attorney that complies with the Illinois Power of Attorney Act.

The following persons may request that a security freeze be placed on the credit report of a minor:

(1) a guardian of the minor who is the subject of the request, appointed under Article XI of the Probate Act of 1975;

(2) a parent of the minor who is the subject of the request; and

(3) a guardian appointed under the Juvenile Court Act

of 1987 for a minor under the age of 18 who is the subject of the request or, with a court order authorizing the guardian consent power, for a youth who is the subject of the request who has attained the age of 18, but who is under the age of 21.

This subsection (c) does not prevent a consumer reporting agency from advising a third party that a security freeze is in effect with respect to the consumer's credit report.

(d) A consumer reporting agency shall place a security freeze on a consumer's credit report no later than 5 business days after receiving a written request from the consumer:

- (1) a written request described in subsection (c); and
- (2) proper identification. ~~and~~
- ~~(3) payment of a fee, if applicable.~~

(e) Upon placing the security freeze on the consumer's credit report, the consumer reporting agency shall send to the consumer within 10 business days a written confirmation of the placement of the security freeze and a unique personal identification number or password or similar device, other than the consumer's Social Security number, to be used by the consumer when providing authorization for the release of his or her credit report for a specific party or period of time.

(f) If the consumer wishes to allow his or her credit report to be accessed for a specific party or period of time while a freeze is in place, he or she shall contact the consumer reporting agency using a point of contact designated

by the consumer reporting agency, request that the freeze be temporarily lifted, and provide the following:

(1) proper identification;

(2) the unique personal identification number or password or similar device provided by the consumer reporting agency; and

(3) the proper information regarding the third party or time period for which the report shall be available to users of the credit report. ~~and~~

~~(4) A fee, if applicable.~~

A security freeze for a minor may not be temporarily lifted. This Section does not require a consumer reporting agency to provide to a minor or a parent or guardian of a minor on behalf of the minor a unique personal identification number, password, or similar device provided by the consumer reporting agency for the minor, or parent or guardian of the minor, to use to authorize the consumer reporting agency to release information from a minor.

(g) A consumer reporting agency shall develop a contact method to receive and process a request from a consumer to temporarily lift a freeze on a credit report pursuant to subsection (f) in an expedited manner.

A contact method under this subsection shall include: (i) a postal address; and (ii) an electronic contact method chosen by the consumer reporting agency, which may include the use of telephone, fax, Internet, or other electronic means.

(h) A consumer reporting agency that receives a request from a consumer to temporarily lift a freeze on a credit report pursuant to subsection (f), shall comply with the request no later than 3 business days after receiving the request.

(i) A consumer reporting agency shall remove or temporarily lift a freeze placed on a consumer's credit report only in the following cases:

(1) upon consumer request, pursuant to subsection (f) or subsection (1) of this Section; or

(2) if the consumer's credit report was frozen due to a material misrepresentation of fact by the consumer.

If a consumer reporting agency intends to remove a freeze upon a consumer's credit report pursuant to this subsection, the consumer reporting agency shall notify the consumer in writing prior to removing the freeze on the consumer's credit report.

(j) If a third party requests access to a credit report on which a security freeze is in effect, and this request is in connection with an application for credit or any other use, and the consumer does not allow his or her credit report to be accessed for that specific party or period of time, the third party may treat the application as incomplete.

(k) If a consumer requests a security freeze, the credit reporting agency shall disclose to the consumer the process of placing and temporarily lifting a security freeze, and the process for allowing access to information from the consumer's

credit report for a specific party or period of time while the freeze is in place.

(l) A security freeze shall remain in place until the consumer or person authorized under subsection (c) to act on behalf of the minor or person with a disability who is the subject of the security freeze requests, using a point of contact designated by the consumer reporting agency, that the security freeze be removed. A credit reporting agency shall remove a security freeze within 3 business days of receiving a request for removal from the consumer, who provides:

(1) proper identification; and

(2) the unique personal identification number or password or similar device provided by the consumer reporting agency. ~~and~~

~~(3) A fee, if applicable.~~

(m) A consumer reporting agency shall require proper identification of the person making a request to place or remove a security freeze and may require proper identification and proper authority from the person making the request to place or remove a freeze on behalf of the person with a disability or minor.

(n) The provisions of subsections (c) through (m) of this Section do not apply to the use of a consumer credit report by any of the following:

(1) A person or entity, or a subsidiary, affiliate, or agent of that person or entity, or an assignee of a

financial obligation owing by the consumer to that person or entity, or a prospective assignee of a financial obligation owing by the consumer to that person or entity in conjunction with the proposed purchase of the financial obligation, with which the consumer has or had prior to assignment an account or contract, including a demand deposit account, or to whom the consumer issued a negotiable instrument, for the purposes of reviewing the account or collecting the financial obligation owing for the account, contract, or negotiable instrument. For purposes of this subsection, "reviewing the account" includes activities related to account maintenance, monitoring, credit line increases, and account upgrades and enhancements.

(2) A subsidiary, affiliate, agent, assignee, or prospective assignee of a person to whom access has been granted under subsection (f) of this Section for purposes of facilitating the extension of credit or other permissible use.

(3) Any state or local agency, law enforcement agency, trial court, or private collection agency acting pursuant to a court order, warrant, or subpoena.

(4) A child support agency acting pursuant to Title IV-D of the Social Security Act.

(5) The State or its agents or assigns acting to investigate fraud.

(6) The Department of Revenue or its agents or assigns acting to investigate or collect delinquent taxes or unpaid court orders or to fulfill any of its other statutory responsibilities.

(7) The use of credit information for the purposes of prescreening as provided for by the federal Fair Credit Reporting Act.

(8) Any person or entity administering a credit file monitoring subscription or similar service to which the consumer has subscribed.

(9) Any person or entity for the purpose of providing a consumer with a copy of his or her credit report or score upon the consumer's request.

(10) Any person using the information in connection with the underwriting of insurance.

(n-5) A consumer reporting agency may not impose a charge on a consumer for placing a freeze, removing a freeze, or temporarily lifting a freeze. ~~This Section does not prevent a consumer reporting agency from charging a fee of no more than \$10 to a consumer for each freeze, removal, or temporary lift of the freeze, regarding access to a consumer credit report, except that a consumer reporting agency may not charge a fee to: (i) a consumer 65 years of age or over for placement and removal of a freeze; (ii) a victim of identity theft who has submitted to the consumer reporting agency a valid copy of a police report, investigative report, or complaint that the~~

~~consumer has filed with a law enforcement agency about unlawful use of his or her personal information by another person; or (iii) an active duty military service member who has submitted to the consumer reporting agency a copy of his or her orders calling the service member to military service and any orders further extending the service member's period of service if currently active.~~

(o) If a security freeze is in place, a consumer reporting agency shall not change any of the following official information in a credit report without sending a written confirmation of the change to the consumer within 30 days of the change being posted to the consumer's file: (i) name, (ii) date of birth, (iii) Social Security number, and (iv) address. Written confirmation is not required for technical modifications of a consumer's official information, including name and street abbreviations, complete spellings, or transposition of numbers or letters. In the case of an address change, the written confirmation shall be sent to both the new address and to the former address.

(p) The following entities are not required to place a security freeze in a consumer report, however, pursuant to paragraph (3) of this subsection, a consumer reporting agency acting as a reseller shall honor any security freeze placed on a consumer credit report by another consumer reporting agency:

(1) A check services or fraud prevention services company, which issues reports on incidents of fraud or

authorizations for the purpose of approving or processing negotiable instruments, electronic funds transfers, or similar methods of payment.

(2) A deposit account information service company, which issues reports regarding account closures due to fraud, substantial overdrafts, ATM abuse, or similar negative information regarding a consumer to inquiring banks or other financial institutions for use only in reviewing a consumer request for a deposit account at the inquiring bank or financial institution.

(3) A consumer reporting agency that:

(A) acts only to resell credit information by assembling and merging information contained in a database of one or more consumer reporting agencies; and

(B) does not maintain a permanent database of credit information from which new credit reports are produced.

(q) For purposes of this Section:

"Credit report" has the same meaning as "consumer report", as ascribed to it in 15 U.S.C. Sec. 1681a(d).

"Consumer reporting agency" has the meaning ascribed to it in 15 U.S.C. Sec. 1681a(f).

"Security freeze" means a notice placed in a consumer's credit report, at the request of the consumer and subject to certain exceptions, that prohibits the consumer reporting

agency from releasing the consumer's credit report or score relating to an extension of credit, without the express authorization of the consumer.

"Extension of credit" does not include an increase in an existing open-end credit plan, as defined in Regulation Z of the Federal Reserve System (12 C.F.R. 226.2), or any change to or review of an existing credit account.

"Proper authority" means documentation that shows that a parent, guardian, or agent has authority to act on behalf of a minor or person with a disability. "Proper authority" includes (1) an order issued by a court of law that shows that a guardian has authority to act on behalf of a minor or person with a disability, (2) a written, notarized statement signed by a parent that expressly describes the authority of the parent to act on behalf of the minor, or (3) a durable power of attorney that complies with the Illinois Power of Attorney Act.

"Proper identification" means information generally deemed sufficient to identify a person. Only if the consumer is unable to reasonably identify himself or herself with the information described above, may a consumer reporting agency require additional information concerning the consumer's employment and personal or family history in order to verify his or her identity.

~~"Military service member" means a resident of Illinois who is a member of any component of the U.S. Armed Forces or the National Guard of any state, the District of Columbia, a~~

~~commonwealth, or a territory of the United States who has entered any full-time training or duty for which the service member was ordered to report by the President, the governor of a state, commonwealth, or territory of the United States, or another appropriate military authority.~~

(r) Any person who violates this Section commits an unlawful practice within the meaning of this Act.

(Source: P.A. 98-486, eff. 1-1-14; 98-756, eff. 7-16-14; 99-143, eff. 7-27-15; 99-373, eff. 1-1-16; 99-642, eff. 7-28-16.)

Section 99. Effective date. This Act takes effect upon becoming law.