

Press Releases

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OTS 07-008 - OTS Highlights Importance of Credit Report Monitoring

Office of Thrift Supervision

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OTS Highlights Importance of Credit Report Monitoring

WASHINGTON, D.C. - In its final release for Consumer Protection Week, the Office of Thrift Supervision (OTS) highlights the importance to consumers of monitoring their credit report and credit scores assigned to them by the three credit reporting bureaus.

"Knowing your credit score and the contents of your credit report is extremely important," notes OTS Director John Reich. "Careful credit report monitoring not only helps consumers obtain credit at rates commensurate with their credit history, it also helps to guard against identity theft." Reich added, "We encourage all of the institutions we regulate to work with their customers to increase awareness of the importance of periodically monitoring their credit report."

Credit scores largely determine the cost consumers pay to receive loans. Over time, a consumer's ability to pay lower interest rates to a lender because of a positive credit score can save the consumer a lot of money. The higher a consumer's credit score, generally the lower their interest rates will be for a loan - and since insurance companies and employers also utilize information from credit reports, it pays for consumers to know what is in their credit report.

The other important reason for consumers to monitor their credit report is to protect against identity theft. According to studies released by the Federal Bureau of Investigation (FBI) and the Federal Trade Commission (FTC), millions of Americans have been victimized by identity theft. Typically, this involves someone assuming the identity of, and fraudulently obtaining credit in the name of, a consumer who may not realize for months that they have been victimized. While some reports suggest that consumer awareness has helped identity theft abate in recent years, it remains a critical and costly issue for consumers and financial institutions.

By law, consumers can obtain a copy of their credit report free of charge from each of the three credit reporting bureaus once a year. As noted on the FTC's website (www.ftc.gov), "the Fair Credit Reporting Act (FCRA) requires each of the nationwide consumer reporting companies - Equifax, Experian, and TransUnion - to provide you with a free copy of your credit report, at your request, once every 12 months." In fact, by staggering their requests to the credit reporting bureaus, a consumer can obtain a free report every four months from a different credit reporting bureau and stay current throughout the year on their credit history.

And the FTC sponsors the website (www.annualcreditreport.com) to obtain these free credit reports.

In viewing their credit report, it is important for consumers to understand that the report includes information on where they live, how they pay their bills, whether they have been sued or arrested, or if they have ever filed for bankruptcy. This information is used by creditors, insurers, employers, and other businesses to evaluate a consumer's applications for credit, insurance, employment, or renting a home. Thus, credit report monitoring is important for consumers as well as financial institutions and other companies that rely on the accuracy of this information in working with individual consumers.

The above-referenced credit report monitoring links to the FTC's website are also available at the OTS website under "Consumer and Compliance/Consumer Inquiries" at www.ots.treas.gov.

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The Office of Thrift Supervision, an office of the Department of the Treasury, regulates and supervises the nation's thrift industry. OTS's mission is to ensure the safety and soundness of, and compliance with consumer protection laws by, thrift institutions, and to support their role as home mortgage lenders and providers of other community credit and financial services. OTS also oversees the activities and operations of thrift holding companies that own or control thrift institutions. Copies of OTS news releases and other documents are available at the OTS web page at www.ots.treas.gov.