

Changes look to put 'free' back into free credit reports

By Susan Tompor, McClatchy/Tribune News

March 18, 2010

When you're shopping for a free credit report — totally free — you can skip that singing pirate in the commercials. Free isn't free with this guy unless you buy something else, but what would you expect from a pirate?

If you're confused by which "Free Credit Report" is really free, things should soon clear up.

Beginning April 1, some ads for free credit reports will have to include disclosures that you might have to buy credit monitoring or other services to get a "free" credit report. By Sept. 1, such disclosures will be required in all TV and radio ads.

You also should know that you have a legal right to get a free report on your credit through AnnualCreditReport.com or by calling 877-322-8228. But federal law provides for only free credit reports, not credit scores. So you still might find yourself a bit flustered.

The Federal Trade Commission was required to change its Free Credit Report rules under a section of the Credit Card Accountability, Responsibility and Disclosure Act of 2009, co-authored by Sen. Carl Levin, D-Mich.

In a statement, Levin said it's critical for people to have access to their credit report because so many businesses rely on the information to screen consumers for credit cards, loans, major purchases and interest rates.

This is the first major change in credit report rules since 2003, when Congress enacted the law giving everyone free access to one report each year.

Tim Burns, public affairs director for the Better Business Bureau serving Eastern Michigan, said more than 10,000 consumer complaints were filed nationwide in the last three years against Consumerinfo.com and FreeCreditReport.com, both owned by Experian.

Generally, people thought their reports were free but did not know they were signing up for other costly services.

In February, a Wisconsin college student became the lead plaintiff in a class-action suit against Experian, charging that the ads for FreeCreditReport.com were deceptive. The suit noted a New York Times report that Experian spent about \$54 million on its ad campaign in 2008.

Burns said most consumers who have worked through the BBB have gotten refunds.

And now, if you go to FreeCreditReport.com, you'll see a disclaimer at the top that says: "Free credit reports are available under Federal law at: AnnualCreditReport.com."

An Experian representative said via e-mail that "Experian just received the final rules issued by the FTC regarding the marketing of free credit reports, and we are currently reviewing them to determine the appropriate actions to support our business. We remain committed to clearly and conspicuously disclosing to consumers that the free report we offer is not the free annual credit file disclosure provided by federal law."

If you order a free credit report at the Experian site, you do get one, when you begin a free trial membership in Triple Advantage Credit Monitoring. If you don't cancel that membership within the seven-day trial period, you'll be billed \$14.95 a month.

Most consumers would likely agree with Levin, who said, "Free credit reports aren't supposed to produce \$15-per-month charges on a person's credit card."