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work with low-income and disadvantaged
communities in Ontario.



About our presenter...

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**Hot Topics in
Consumer Protection:
Credit Reporting
and
Consumer Reporting**

Webinar Overview

1. The importance of healthy credit records
2. How to keep your credit score healthy.
3. What is a credit repair agency (and what can it do for you)?
4. Credit repair agreements: required terms.
5. Credit repair agreements: payments and promises
6. The Consumer's Toolbox: credit repair agencies.
7. What are consumer reporting agencies?
8. What may (and may not) reporting agencies report?
9. The Consumer's Toolbox: consumer reporting agencies.



Healthy Credit Records Are Important!

- Almost everyone who extends credit---your landlord, charge card issuer, bank, furniture store, auto lender---relies on your credit record to decide if you are a good or a bad credit risk.
- Your credit record includes everything from your auto loan payment history to whether you pay your hydro bill on time.
- Your credit record will determine your credit score---a statistical formula that converts your credit record into a 3-digit score indicating the statistical probability that you will (or won't) become delinquent if granted credit.
- Your payment history, amounts owed to various creditors, the length of time you've had credit accounts, how often you get or seek new credit, and the types of credit accounts you have, are all considered when determining your credit score.





Keeping Your Credit Score Healthy

There are many things we can do to keep a good credit score or to improve a poor one, including:

- Pay all bills on time;
- Keep account balances below 75% of available credit;
- Avoid applying for credit unless there is a genuine need for a new account;
- Review your credit report from time-to-time to make sure that it is accurate;
- If you find yourself in financial difficulty, work with your creditors to find acceptable solutions;
- Get unbiased advice and assistance with debt problems from a nonprofit credit counselling service---you can find one through the Ontario Association of Credit Counselling Services (OACCS) (www.oaccs.com).





What is a Credit Repair Agency?

- Credit repair agencies promise to clean up or erase bad credit, usually for a substantial fee.
- Governed by the *Consumer Protection Act, 2002* and regulated by the Ministry of Consumer Services.
- Cannot change or erase information on a credit report that is correct.
- Unfavourable but accurate information will remain in a consumer's credit file for as long as permitted under the *Consumer Reporting Act* regardless of efforts to eliminate it.



Credit Repair Agreements: Required Terms

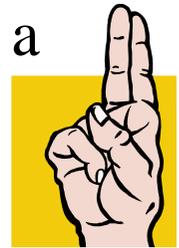


- The *Consumer Protection Act, 2002* sets specific requirements for valid credit repair agreements, including:
 - The name of the consumer;
 - The name of the credit repair agency, and its address, telephone number, or other contact information;
 - An itemized list of services and goods that the credit repairer is to supply to the consumer;
 - The date by which the credit repairer is to cause a material improvement to the consumer's credit report; and
 - The total amount payable by the consumer to the credit repairer, as well as the terms and method of payment.



Credit Repair Agreements: Payments and Promises

- A credit repair agency may not require advance payment.
- A consumer who has made an advance payment may request a refund, which must be paid within 15 days.
- A credit repair agency may not charge a fee at all unless its services result in a material improvement to the consumer's credit file.
- A credit repair agency may not represent to a consumer that it can cause a material improvement to the consumer's credit file until it has actually reviewed the file.





Consumer's Toolbox: Credit Repair Agencies

- Don't be fooled by false promises: Credit repair agencies cannot do anything that a consumer could not do for himself or herself.
- The *Consumer Protection Act, 2002* gives consumers a 10-day cooling off period within which to cancel a contract with a credit repair agency.
- Under the *Act*, if the contract is not delivered, the consumer may cancel at any time up to one year after entering into it.
- Cancellation voids the contract: the credit repair agency must refund all payments made pursuant to the cancelled agreement.
- Complaints should be made to the Ministry of Consumer Services, which can:
 - Investigate complaints;
 - Prosecute offenders; and/or
 - Request that the Provincial Offences Act Court order compliance with the *Act* and/or impose fines for violations, and/or issue restitution orders on behalf of consumers.



What Are Consumer Reporting Agencies?



- Consumer reporting agencies (a/k/a credit bureaus) compile credit records based upon reports from credit-grantors and public records and sell them for a fee to third parties.
- The two largest credit reporting agencies operating in Ontario are Trans Union and Equifax.
- Consumer reporting agencies are governed by the Ontario *Consumer Reporting Act*, which is administered by the Ministry of Consumer Services.
- Consumer reporting agencies must register with the Ministry.
- The *Act* specifies the kind of information that a consumer reporting agency may report and how the information may be used.
- The *Act* also governs to whom, and under what circumstances, a consumer reporting agency may release a person's credit report.



What May Reporting Agencies Report?

- A credit report contains both personal information and credit information.
- Credit information includes information such as:
 - Name, age, and occupation, as well as current and previous places of residence;
 - Marital status, spouse's name and age, and number of dependents;
 - Educational or professional qualifications;
 - Current and previous employment, and estimated income;
 - Paying habits, outstanding debts, cost of living obligations, and a
- Personal information includes information about:
 - Character and reputation;
 - Health;
 - Physical or other personal characteristics;
 - Mode of living, and any other matter concerning the consumer.



What May Reporting Agencies *Not* Report?

- Unfavourable information, unless it is corroborated or the lack of corroboration is noted in the report;
- Judgments that are more than seven years old;
- Bankruptcies in which the discharge occurred more than seven years ago;
- Information about debt or debt collection, if more than seven years have elapsed since the date of last payment on the debt;
- Payment or nonpayment of taxes or lawfully-imposed fines, after seven years;
- Convictions for crimes where seven years have passed since the date of conviction, or any conviction if at any time it is learned that an absolute discharge or a full pardon was granted after the conviction;
- Any criminal charges, where the charges have been dismissed, set aside, or withdrawn; and
- Information regarding race, colour, creed, sex, ancestry, ethnic origin, or political affiliation.



Consumer's Toolbox: Consumer Reporting Agencies



- The law requires that a consumer reporting agency provide a consumer with a free copy of his or her credit report if the consumer requests a copy.
- If a consumer disputes the accuracy of any information in his or her file, the reporting agency must confirm the information, correct it if necessary, or delete it if it is inaccurate.
- If the consumer believes that the credit report continues to contain inaccurate information, he or she can contact the Ministry of Consumer Services, which can:
 - Investigate complaints;
 - Order that information in the credit report be amended or deleted, or that its use be prohibited or restricted;
 - Deny registration or renewal of registration for an agency; and/or
 - Prosecute offenders and request that the Provincial Offences Act Court impose fines for violations of the law.
- Consumers may also file private civil lawsuits to seek redress from agencies that violate their credit reporting rights.



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