

New FCRA Form For Pre-Employment Background Checks Starts Sept. 21

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Employers who routinely use third party credit reporting agencies for pre-employment background screening have a new requirement due to recent changes to the Fair Credit Reporting Act (FCRA). Starting September 21, 2018, employers that use background checks must notify job applicants and employees of their rights under the FCRA using a [new “Summary of Consumer Rights” form](#). Failure to provide the correct notification can expose employers to legal risk, including class action litigation. The primary change to the form relates to disclosures regarding the consumer’s right to obtain a security freeze.

In May 2018, Congress passed the [Economic Growth, Regulatory Relief, and Consumer Protection Act](#) which requires nationwide consumer reporting agencies to provide “national security freezes” free of charge for consumers. This restricts prospective lenders from obtaining access to the consumer’s credit report which makes it harder for identity thieves to open unauthorized accounts. The law also extends the minimum time that nationwide consumer reporting agencies must include an initial fraud alert in a consumer’s file from 90 days to one year. Employers will have to provide the new “Summary of Consumer Rights” form in any pre-adverse action notification that comes as a result of the background check. They must also provide this notification before obtaining a background check if the report includes information stemming from personal interviews conducted by a consumer reporting agency.

To avoid future liability, employers and background check companies will want to update their forms before the new rule goes into effect September 21. [Learn more about background checks: Survey Says: Almost All Employers Use Background Checks \(and Other Notes on Pre-Employment Testing\)](#), Bill Nolan

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