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FTC Settles Fair Credit Reporting Act Action with Tenant Background Screening Company

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The FTC announced a settlement with RealPage, Inc., a tenant background screening company, settling allegations that it violated the Fair Credit Reporting Act (FCRA) by failing to take reasonable steps to ensure the accuracy of the tenant screening information it provided to landlords and property managers.

RealPage, a Delaware corporation with its principal place of business in Richardson, Texas, sells background reports about consumers to thousands of client rental property owners and property management companies throughout the U.S. RealPage is a consumer reporting agency (CRA) under the FCRA. It uses a proprietary computer software program to match the information from consumers' housing applications with criminal record information stored in its databases or in public records. The requested reports are automatically compiled and transmitted to RealPage's clients online. These reports include rental histories and public record information, including criminal and eviction histories, credit information from nationwide consumer reporting agencies and, prior to July 1, 2016, information from Telecheck, a large check authorization service that operates as a consumer reporting agency.

The FTC's [complaint](#) alleges that RealPage failed to follow reasonable procedures to assure the maximum possible accuracy of the criminal record information in its tenant screening reports. Specifically, the complaint alleges that RealPage used broad search criteria at the outset, then applied only limited filters to the broad results, and did not have policies or procedures to assess the accuracy of the results. As a result, the reports identified criminal records that did not belong to the applicant.

RealPage used a "soft" match for first name, middle name, and date of birth so a match was deemed to occur on the first and middle names if the first three letters of the name match. For example, Anthony Jones 10/15/57 would match to Antonio Jones (same birthdate), Antony Jones (same birth date) and Antoinette Jones (same birthdate). The complaint further alleged that RealPage had minimal procedures to narrow the results, even for consumers with common names. Finally, the complaint alleged that RealPage's failures led to the reporting of inaccurate information regarding consumers, including current or prospective tenants and in some instances, may have led to the denial of housing or other opportunities.

The [stipulated order](#) enjoins RealPage from failing to maintain reasonable procedures to assure the maximum possible accuracy of the information concerning the individual about whom the report relates and orders the payment of \$3 million dollars in civil penalties.

Inaccurate negative consumer report information harms both consumers and the businesses that rely on such data. For example, if a landlord receives a background tenant screening report from a CRA that contains negative information which is used in whole or in part to decide not to rent property to an individual, the landlord is unable to rent the property and must provide that individual with an adverse action notice. The landlord is harmed because if the information was accurate, the property would be rented. The individual is harmed because they must dispute the inaccurate negative information with the tenant screening company in order to clear their name.

It is a good idea, when using specialty CRAs to ask about their track record with consumer disputes. If there are a lot of disputes, that could be a sign that the CRA is not complying with the FCRA's requirement to take

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reasonable steps to ensure the accuracy of their reports.

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