

Court Orders Arbitration Of FCRA Claims, Stays Case As To All Defendants



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Arbitration can be a powerful tool to resolve lawsuits, including FCRA claims. In *Kolman v. Gen'l Motors Financial Corp.*, 2019 WL 6620888 (Dec. 18, 2018), the plaintiff filed FCRA claims against GM Financial and Trans Union. Under the facts of the case, the plaintiff claimed that he leased a Chevy Cruze in June 2016 from GM Financial. Plaintiff traded in the Cruze in February 2017, and claimed that his account with GM Financial was fully paid as of March 2017. Nevertheless, plaintiff claimed that the defendants inaccurately reported him as 30 days late on multiple occasions after March 2017 even though he disputed this reporting six different times.

GM Financial moved to compel arbitration on the FCRA claims based upon the parties' agreement in the lease and both GM Financial and Trans Union moved to stay the litigation pending the resolution of the arbitration proceeding. The arbitration provision in the lease provided as follows:

Any claim or dispute, whether in contract, tort, statute or otherwise (including the

interpretation and scope of this Arbitration Provision and the arbitrability of the claim or dispute), between you and us or our employees, agents, successors or assigns, which arises out of or relates to your credit application, lease or condition of this Vehicle, this Lease or any resulting transaction or relationship (including any such relationship with third parties who do not sign this Lease).

After giving a good overview of Fourth Circuit's law with regard to compelling arbitration, the *Kolman* court held that GM Financial's motion to compel arbitration should be granted because the language in the lease's arbitration provision clearly demonstrates that the parties intended to submit their covered disputes to arbitration and because plaintiff's FCRA claims fall within the claims covered by the lease agreement's arbitration provision.

In addition, the *Kolman* court granted the defendants' motions to stay litigation. Because it held that the Plaintiff's claims against GM Financial must be arbitrated, the *Kolman* court held that it was obvious that plaintiff's claims against GM Financial must be stayed as before the court. With respect to Trans Union, the *Kolman* court recognized that it had the power to stay related non-arbitrable claims and that, when deciding whether to stay such claims, a court must weigh the potential harm to the plaintiff against considerations of judicial economy and avoidance of confusion and possible inconsistent results. The *Kolman* court decided to stay the plaintiff's claims against Trans Union because the plaintiff's claims against both defendants depended upon whether the information reported about him was correct and whether and to what extent plaintiff suffered damages due to inaccurate information reported about him. Allowing plaintiff to litigate these issues simultaneously in two fora could lead to inconsistent and duplicative litigation while the court found that staying the Trans Union litigation would have minimal impact upon the plaintiff.

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