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DIVISION 3. OBLIGATIONS [1427 - 3273.69] (*Heading of Division 3 amended by Stats. 1988, Ch. 160, Sec. 14.*)

PART 4. OBLIGATIONS ARISING FROM PARTICULAR TRANSACTIONS [1738 - 3273.69] (*Part 4 enacted 1872.*)

TITLE 1.6. CONSUMER CREDIT REPORTING AGENCIES ACT [1785.1 - 1785.36] (*Title 1.6 repealed and added by Stats. 1975, Ch. 1271.*)

CHAPTER 3. Requirements on Users of Consumer Credit Reports [1785.20 - 1785.22] (*Chapter 3 added by Stats. 1975, Ch. 1271.*)

1785.20. (a) If any person takes any adverse action with respect to any consumer, and the adverse action is based, in whole or in part, on any information contained in a consumer credit report, that person shall do all of the following:

- (1) Provide written notice of the adverse action to the consumer.
- (2) Provide the consumer with the name, address, and telephone number of the consumer credit reporting agency which furnished the report to the person.
- (3) Provide a statement that the credit grantor's decision to take adverse action was based in whole or in part upon information contained in a consumer credit report.
- (4) Provide the consumer with a written notice of the following rights of the consumer:
 - (A) The right of the consumer to obtain within 60 days a free copy of the consumer's consumer credit report from the consumer credit reporting agency identified pursuant to paragraph (2) and from any other consumer credit reporting agency which compiles and maintains files on consumers on a nationwide basis.
 - (B) The right of the consumer under Section 1785.16 to dispute the accuracy or completeness of any information in a consumer credit report furnished by the consumer credit reporting agency.

(b) Whenever credit or insurance for personal, family, or household purposes involving a consumer is denied or the charge for such credit is increased either wholly or in part because of information obtained from a person other than a consumer credit reporting agency bearing upon consumer's credit worthiness or credit standing, the user of that information shall, within a reasonable period of time, and upon the consumer's written request for the reasons for that adverse action received within 60 days after learning of the adverse action, disclose the nature and substance of the information to the consumer. The user of the information shall clearly and accurately disclose to the consumer his or her right to make such a written request at the time the adverse action is communicated to the consumer.

(c) No person shall be held liable for any violation of this section if he or she shows by a preponderance of the evidence that at the time of the alleged violation he or she maintained reasonable procedures to assure compliance with this section.

(d) Nothing in this chapter shall excuse compliance with the requirements of Section 1787.2.

(Amended by Stats. 1992, Ch. 1194, Sec. 9. Effective January 1, 1993. Operative July 1, 1993, by Sec. 13 of Ch. 1194.)

1785.20.1. (a) Except as provided in subdivision (b), any person who uses a consumer credit report in connection with any credit transaction not initiated by the consumer and which consists of a firm offer of credit shall provide with any solicitation made to the consumer a clear and conspicuous statement as to all of the following:

- (1) Information contained in the consumer's prequalifying report was used in connection with the transaction.

(2) The consumer received the offer of credit, because the consumer satisfied the criteria for creditworthiness under which the consumer was selected for the offer.

(3) Where applicable, the credit may not be extended if, after the consumer responds to the offer, the consumer does not meet the criteria used to select the consumer for the offer.

(4) The consumer has a right to prohibit use of information contained in the consumer's file with any consumer credit reporting agency in connection with any credit transaction that is not initiated by the consumer. The consumer may exercise this right by notifying the notification system or joint notification system established under subdivision (d) or (e) of Section 1785.11.

(b) Subdivision (a) does not apply to any person using a prequalifying report if all of the following conditions are met:

(1) The person using the prequalifying report is affiliated by common ownership or common corporate control with the person who procured the report.

(2) The person who procures the prequalifying report from the consumer credit reporting agency clearly and conspicuously discloses to the consumer to whom the report relates, before the prequalifying report is provided to the person who uses the report, that the prequalifying report might be provided to, and used by, persons affiliated in the manner specified in paragraph (1) with the person that procured the report.

(3) The consumer consents in writing to this provision and use of the prequalifying report.

(c) No person shall be denied credit on the basis of the consumer's refusal to provide consent pursuant to paragraph (3) of subdivision (b), unless that consent is necessary for the extension of credit, related to that transaction, by an affiliate.

(Added by Stats. 1992, Ch. 1194, Sec. 9.5. Effective January 1, 1993. Operative July 1, 1993, by Sec. 13 of Ch. 1194.)

1785.20.2. Any person who makes or arranges loans and who uses a consumer credit score as defined in Section 1785.15.1 in connection with an application initiated or sought by a consumer for a closed end loan or establishment of an open end loan for a consumer purpose that is secured by one to four units of residential real property shall provide the following to the consumer as soon as reasonably practicable:

(a) A copy of the information identified in subdivision (a) of Section 1785.15.1 that was obtained from a credit reporting agency or was developed and used by the user of the information. In addition to the information provided to it by a third party that provided the credit score or scores, a lender is only required to provide the notice contained in subdivision (d).

(b) If a person who is subject to this section uses an automated underwriting system to underwrite a loan, that person may satisfy the obligation to provide a credit score by disclosing a credit score and associated key factors supplied by a consumer credit reporting agency. However, if a numerical credit score is generated by an automated underwriting system used by an enterprise, and that score is disclosed to the person, it shall be disclosed to the consumer consistent with subdivision (c). For purposes of this subdivision, the term "enterprise" shall have the meaning provided in paragraph (6) of Section 4502 of Title 12 of the United States Code.

(c) A person subject to the provisions of this section who uses a credit score other than a credit score provided by a consumer reporting agency may satisfy the obligation to provide a credit score by disclosing a credit score and associated key factors supplied by a consumer credit reporting agency.

(d) A copy of the following notice, which shall include the name, address, and telephone number of each credit bureau providing a credit score that was used:

NOTICE TO THE HOME LOAN APPLICANT

In connection with your application for a home loan, the lender must disclose to you the score that a credit bureau distributed to users and the lender used in connection with your home loan, and the key factors affecting your credit scores.

The credit score is a computer generated summary calculated at the time of the request and based on information a credit bureau or lender has on file. The scores are based on data about your credit history and payment patterns. Credit scores are important because they are used to assist the lender in determining whether you will obtain a loan. They may also be used to determine what interest rate you may be offered on the mortgage. Credit scores can change over time, depending on your conduct, how your credit history and payment patterns change, and how credit scoring technologies change.

Because the score is based on information in your credit history, it is very important that you review the credit-related information that is being furnished to make sure it is accurate. Credit records may vary from one company to another.

If you have questions about your credit score or the credit information that is furnished to you, contact the credit bureau at the address and telephone number provided with this notice, or contact the lender, if the lender developed or generated the credit score. The credit bureau plays no part in the decision to take any action on the loan application and is unable to provide you with specific reasons for the decision on a loan application.

If you have questions concerning the terms of the loan, contact the lender.

(e) This section shall not require any person to do the following:

- (1) Explain the information provided pursuant to Section 1785.15.1.
- (2) Disclose any information other than a credit score or key factor, as defined in Section 1785.15.1.
- (3) Disclose any credit score or related information obtained by the user after a loan has closed.
- (4) Provide more than one disclosure per loan transaction.
- (5) Provide the disclosure required by this section when another person has made the disclosure to the consumer for that loan transaction.

(f) Any person's obligation pursuant to this section shall be limited solely to providing a copy of the information that was received from the consumer credit reporting agency. No person has liability under this section for the content of that information or for the omission of any information within the report provided by the consumer credit reporting agency.

(g) As used in this section, the term "person" does not include an "enterprise" as defined in paragraph (6) of Section 4502 of Title 12 of the United States Code.

(Added by Stats. 2000, Ch. 978, Sec. 6. Effective January 1, 2001. Operative July 1, 2001, by Sec. 7 of Ch. 978.)

1785.20.3. (a) Any person who uses a consumer credit report in connection with the approval of credit based on an application for an extension of credit, and who discovers that the consumer's first and last name, address, or social security number, on the credit application does not match, within a reasonable degree of certainty, the consumer's first and last name, address or addresses, or social security number listed, if any, on the consumer credit report, shall take reasonable steps to verify the accuracy of the consumer's first and last name, address, or social security number provided on the application to confirm that the extension of credit is not the result of identity theft, as defined in Section 1798.92.

(b) Any person who uses a consumer credit report in connection with the approval of credit based on an application for an extension of credit, and who has received notification pursuant to subdivision (k) of Section 1785.16 that the applicant has been a victim of identity theft, as defined in Section 1798.92, may not lend money or extend credit without taking reasonable steps to verify the consumer's identity and confirm that the application for an extension of credit is not the result of identity theft.

(c) Any consumer who suffers damages as a result of a violation of this section by any person may bring an action in a court of appropriate jurisdiction against that person to recover actual damages, court costs, attorney's fees, and punitive damages of not more than thirty thousand dollars (\$30,000) for each violation, as the court deems proper.

(d) As used in this section, "identity theft" has the meaning given in subdivision (b) of Section 1798.92.

(e) For the purposes of this section, "extension of credit" does not include an increase in an existing open-end credit plan, as defined in Regulation Z of the Federal Reserve System (12 C.F.R. 226.2), or any change to or review of an existing credit account.

(f) If a consumer provides initial written notice to a creditor that he or she is a victim of identity theft, as defined in subdivision (d) of Section 1798.92, the creditor shall provide written notice to the consumer of his or her rights under subdivision (k) of Section 1785.16.

(g) The provisions of subdivisions (k) and (l) of Section 1785.16 do not apply to a consumer credit reporting agency that acts only as a reseller of credit information by assembling and merging information contained in the database of another consumer credit reporting agency or the databases of multiple consumer credit reporting agencies, and does not maintain a permanent database of credit information from which new credit reports are produced.

(h) This section does not apply if one of the addresses at issue is a United States Army or Air Force post office address or a United States Fleet post office address.

(Amended by Stats. 2003, Ch. 41, Sec. 1. Effective January 1, 2004.)

1785.20.4. A housing provider, tenant screening company, or other entity that evaluates tenants on behalf of a housing provider shall not use an alleged COVID-19 rental debt, as defined in Section 1179.02 of the Code of Civil Procedure, as a negative factor for the purpose of evaluating a prospective housing application or as the basis for refusing to rent a dwelling unit to an otherwise qualified prospective tenant.

(Amended by Stats. 2021, Ch. 5, Sec. 3. (AB 81) Effective February 23, 2021.)

1785.20.5. (a) Prior to requesting a consumer credit report for employment purposes, the user of the report shall provide written notice to the person involved. The notice shall inform the person that a report will be used, and shall identify the specific basis under subdivision (a) of Section 1024.5 of the Labor Code for use of the report. The notice shall also inform the person of the source of the

report, and shall contain a box that the person may check off to receive a copy of the credit report. If the consumer indicates that he or she wishes to receive a copy of the report, the user shall request that a copy be provided to the person when the user requests its copy from the credit reporting agency. The report to the user and to the subject person shall be provided contemporaneously and at no charge to the subject person.

(b) Whenever employment involving a consumer is denied either wholly or partly because of information contained in a consumer credit report from a consumer credit reporting agency, the user of the consumer credit report shall so advise the consumer against whom the adverse action has been taken and supply the name and address or addresses of the consumer credit reporting agency making the report. No person shall be held liable for any violation of this section if he or she shows by a preponderance of the evidence that, at the time of the alleged violation, he or she maintained reasonable procedures to assure compliance with this section.

(Amended by Stats. 2011, Ch. 724, Sec. 1. (AB 22) Effective January 1, 2012.)

1785.20.6. A person who uses a consumer credit report in connection with a credit transaction shall not use a medical debt listed on the report as a negative factor when making a credit decision.

(Added by Stats. 2024, Ch. 520, Sec. 3. (SB 1061) Effective January 1, 2025.)

1785.21. (a) A user in its discretion may notify the consumer that upon request the user may contact the consumer reporting agency and request that the consumer reporting agency investigate the current status of an item or items of information contained in the consumer report if the consumer disputes the completeness or accuracy of an item or items of information as provided to the user.

(b) The consumer credit reporting agency may require identification from the user to insure the validity of the request and, in that regard, may require that the request be put in writing with proper identification.

(c) In the event that any such request is made and identification given in the form or manner demanded by the consumer credit reporting agency, such agency shall review the file of the consumer and report the current status of the disputed information to the user and the consumer by the most expeditious means possible.

(d) No user who furnishes information pursuant to this section shall be liable to any person for furnishing such information.

(Added by Stats. 1976, Ch. 666.)

1785.22. (a) A person may not procure a consumer credit report for the purpose of reselling the report or any information therein unless the person discloses to the consumer credit reporting agency which issues the report the identity of the ultimate end user and each permissible purpose for which the report is furnished to the end user of the consumer credit report or information therein.

(b) A person that procures a consumer credit report for the purpose of reselling the report or any information therein shall do all of the following:

(1) Establish and comply with reasonable procedures designed to ensure that the consumer credit report or information is resold by the person only for a purpose for which the report may be furnished under this title. These procedures shall include all of the following:

(A) Identification of each prospective user of the resold consumer credit report or information.

(B) Certification of each purpose for which the consumer credit report or information will be used.

(C) Certification that the consumer credit report or information will be used for no other purpose.

(2) Before reselling the consumer credit report or information, the person shall make reasonable efforts to verify the identities and certifications made under paragraph (1).

(Added by Stats. 1992, Ch. 1194, Sec. 10. Effective January 1, 1993. Operative July 1, 1993, by Sec. 13 of Ch. 1194.)