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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 CONSUMER CREDIT REPORTING AGENCIES ACT [1785.1 - 1785.36] (*Title 1.6 repealed and added by Stats. 1975, Ch. 1271.)*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 3.5. Obligations of Furnishers of Credit Information [1785.25 - 1785.27] (*Chapter 3.5 added by Stats. 1992, Ch. 1194, Sec. 11.)*

1785.25. (a) A person shall not furnish information on a specific transaction or experience to any consumer credit reporting agency if the person knows or should know the information is incomplete or inaccurate.

(b) A person who (1) in the ordinary course of business regularly and on a routine basis furnishes information to one or more consumer credit reporting agencies about the person's own transactions or experiences with one or more consumers and (2) determines that information on a specific transaction or experience so provided to a consumer credit reporting agency is not complete or accurate, shall promptly notify the consumer credit reporting agency of that determination and provide to the consumer credit reporting agency any corrections to that information, or any additional information, that is necessary to make the information provided by the person to the consumer credit reporting agency complete and accurate.

(c) So long as the completeness or accuracy of any information on a specific transaction or experience furnished by any person to a consumer credit reporting agency is subject to a continuing dispute between the affected consumer and that person, the person may not furnish the information to any consumer credit reporting agency without also including a notice that the information is disputed by the consumer.

(d) A person who regularly furnishes information to a consumer credit reporting agency regarding a consumer who has an open-end credit account with that person, and which is closed by the consumer, shall notify the consumer credit reporting agency of the closure of that account by the consumer, in the information regularly furnished for the period in which the account is closed.

(e) A person who places a delinquent account for collection (internally or by referral to a third party), charges the delinquent account to profit or loss, or takes similar action, and subsequently furnishes information to a credit reporting agency regarding that action, shall include within the information furnished the approximate commencement date of the delinquency which gave rise to that action, unless that date was previously reported to the credit reporting agency. Nothing in this provision shall require that a delinquency must be reported to a credit reporting agency.

(f) Upon receiving notice of a dispute noticed pursuant to subdivision (a) of Section 1785.16 with regard to the completeness or accuracy of any information provided to a consumer credit reporting agency, the person that provided the information shall (1) complete an investigation with respect to the disputed information and report to the consumer credit reporting agency the results of that investigation before the end of the 30-business-day period beginning on the date the consumer credit reporting agency receives the notice of dispute from the consumer in accordance with subdivision (a) of Section 1785.16 and (2) review relevant information submitted to it.

(g) A person who furnishes information to a consumer credit reporting agency is liable for failure to comply with this section, unless the furnisher establishes by a preponderance of the evidence that, at the time of the failure to comply with this section, the furnisher maintained reasonable procedures to comply with those provisions.

(Amended by Stats. 1993, Ch. 285, Sec. 8. Effective August 2, 1993. Operative July 1, 1993, by Sec. 13 of Ch. 1194.)

1785.26. (a) As used in this section:

(1) "Creditor" includes an agent or assignee of a creditor, including an agent engaged in administering or collecting the creditor's accounts.

(2) "Negative credit information" means information concerning the credit history of a consumer that, because of the consumer's past delinquencies, late or irregular payment history, insolvency, or any form of default, would reasonably be expected to affect adversely the consumer's ability to obtain or maintain credit. "Negative credit information" does not include information or credit histories arising from a nonconsumer transaction or any other credit transaction outside the scope of this title, nor does it include inquiries about a consumer's credit record.

(b) A creditor may submit negative credit information concerning a consumer to a consumer credit reporting agency, only if the creditor notifies the consumer affected. After providing this notice, a creditor may submit additional information to a credit reporting agency respecting the same transaction or extension of credit that gave rise to the original negative credit information without providing additional notice.

(c) The notice shall be in writing and shall be delivered in person or mailed first class, postage prepaid, to the party's last known address, prior to or within 30 days after the transmission of the negative credit information.

(1) The notice may be part of any notice of default, billing statement, or other correspondence, and may be included as preprinted or standard form language in any of these from the creditor to the consumer.

(2) The notice is sufficient if it is in substantially the following form:

"As required by law, you are hereby notified that a negative credit report reflecting on your credit record may be submitted to a credit reporting agency if you fail to fulfill the terms of your credit obligations."

(3) The notice may, in the creditor's discretion, be more specific than the form given in paragraph (2). The notice may include, but shall not be limited to, particular information regarding an account or information respecting the approximate date on which the creditor submitted or intends to submit a negative credit report.

(4) The giving of notice by a creditor as provided in this subdivision does not create any requirement for the creditor to actually submit negative credit information to a consumer credit reporting agency. However, this section shall not be construed to authorize the use of notice as provided in this subdivision in violation of the federal Fair Debt Collection Practices Act (15 U.S.C., Sec. 1692 et seq.).

(d) A creditor is liable for failure to provide notice pursuant to this section, unless the creditor establishes, by a preponderance of the evidence, that at the time of that failure to give notice the creditor maintained reasonable procedures to comply with this section.

(Amended by Stats. 2024, Ch. 80, Sec. 20. (SB 1525) Effective January 1, 2025.)

1785.27. (a) A person shall not furnish information regarding a medical debt to a consumer credit reporting agency.

(b) A medical debt is void and unenforceable if a person knowingly violates this section by furnishing information regarding the medical debt to a consumer credit reporting agency.

(c) (1) On or after July 1, 2025, it is unlawful to enter into a contract creating a medical debt that does not include the following term:

"A holder of this medical debt contract is prohibited by Section 1785.27 of the Civil Code from furnishing any information related to this debt to a consumer credit reporting agency. In addition to any other penalties allowed by law, if a person knowingly violates that section by furnishing information regarding this debt to a consumer credit reporting agency, the debt shall be void and unenforceable."

(2) A contract entered into on or after July 1, 2025, that does not include the term described in paragraph (1) is void and unenforceable.

(d) A violation of this section by a person holding a license or permit issued by the state shall be deemed to be a violation of the law governing that license or permit.

(Added by Stats. 2024, Ch. 520, Sec. 4. (SB 1061) Effective January 1, 2025.)