

Top Firm's Credit Inquiries Assailed

Washington

The Federal Trade Commission said yesterday that the nation's major credit investigating firm, Retail Credit Inc., has been using unfair and deceptive tactics to dig up its information.

The FTC said the firm has been forcing its investigators to collect bad news about people; denying consumers their right to know what's in their credit files; and telling people who buy credit information, such as banks and insurance companies, that its data is based on personal interviews when in fact only telephone conversations are involved in many instances.

The firm, which has headquarters in Atlanta, said it was "surprised" by the report issued as a proposed complaint by the FTC, and said to the best of its knowledge it has always been in

"full compliance" with the 1971 Fair Credit Reporting Act.

If the company continues to contend it did not violate the law, the FTC can issue a formal complaint, which could be tried before an administrative law judge and eventually appealed to the full commission and ultimately to the courts.

J. Thomas Rosch, director of the FTC's Bureau of Consumer Protection, told a news conference he found it hard to believe the company was surprised by the action because it knew it was under investigation for the past two years and even went to court to limit the FTC's access to its records.

Rosch said the firm accounts for 70 to 80 per cent of the credit reporting business in the country and has complete files on the personal lives of 45 million Ameri-

cans, with the capability of reporting credit information for 98 per cent of the population.

He said that "thousands" of insurance companies and prospective employers use the company's information every year. Last year the firm had a gross revenue of \$195 million from its 114 credit bureaus and 8500 investigators.

Rosch said the company's compensation system for investigators "puts a premium on the number of reports gathered at the expense of their accuracy."

The complaint said the company uses "a quota system which requires investigators to develop a certain percentage of adverse information." When some consumers asked the company for the "nature and substance" of the files it had on them—a right guaranteed by the 1971 law—the company sometimes turned down the request, the report said.

The company was accused of failing to conduct follow-up investigations when consumers complained about inaccurate information in their files. Nor has it been letting prior users of the questioned information know that the consumer is disputing it, the report said.

Rosch also said the company "reported fictitious interviews and fictitious observations of its interviewers" as having been done face-to-face when in reality only a telephone call was involved.

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