

Equal Credit Opportunity: Understanding Your Rights Under the Law

People use credit to pay for education or a house, a remodeling job or a car, or to finance a loan to keep their business operating.

The Federal Trade Commission (FTC), the nation's consumer protection agency, enforces the Equal Credit Opportunity Act (ECOA), which prohibits credit discrimination on the basis of race, color, religion, national origin, sex, marital status, age, or because you get public assistance. Creditors may ask you for most of this information in certain situations, but they may not use it when deciding whether to give you credit or when setting the terms of your credit. Not everyone who applies for credit gets it or gets the same terms: Factors like income, expenses, debts, and credit history are among the considerations lenders use to determine your creditworthiness.

The law provides protections when you deal with any organizations or people who regularly extend credit, including banks, small loan and finance companies, retail and department stores, credit card companies, and credit unions. Everyone who participates in the decision to grant credit or in setting the terms of that credit, including real estate brokers who arrange financing, must comply with the ECOA.

Here's a brief summary of the basic provisions of the ECOA.

I. When You Apply For Credit, Creditors May Not...

Discourage you from applying or reject your application because of your race, color, religion, national origin, sex, marital status, age, or because you receive public assistance.

Consider your race, sex, or national origin, although you may be asked to disclose this information if you want to. It helps federal agencies enforce anti-discrimination laws. A creditor may consider your immigration status and whether you have the right to stay in the country long enough to repay the debt.

Impose different terms or conditions, like a higher interest rate or higher fees, on a loan based on your race, color, religion, national origin, sex, marital status, age, or because you receive public assistance.

Ask if you're widowed or divorced. A creditor may use only the terms: married, unmarried, or separated.

Ask about your marital status if you're applying for a separate, unsecured account. A creditor may ask you to provide this information if you live in "community property" states: Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin. A creditor in any state may ask for this information if you apply for a joint account or one secured by property.

Ask for information about your spouse, except:

- if your spouse is applying with you;

- if your spouse will be allowed to use the account;

- if you are relying on your spouse's income or on alimony or child support income from a former spouse;

- if you live in a community property state.

Ask about your plans for having or raising children, but they can ask questions about expenses related to your dependents.

Ask if you get alimony, child support, or separate maintenance payments, unless they tell you first that you don't have to provide this information if you aren't relying on these payments to get credit. A creditor may ask if you have to pay alimony, child support, or separate maintenance payments.

II. When Deciding To Grant You Credit Or When Setting The Terms Of Credit, Creditors May Not...

Consider your race, color, religion, national origin, sex, marital status or whether you get public assistance.

Consider your age, unless:

- you're too young to sign contracts, generally under 18;

- you're at least 62, and the creditor will favor you because of your age;

- it's used to determine the meaning of other factors important to creditworthiness. For example, a creditor could use your age to determine if your income might drop because you're about to retire;

it's used in a valid credit scoring system that favors applicants 62 and older. A credit scoring system assigns points to answers you give on credit applications. For example, your length of employment might be scored differently depending on your age.

Consider whether you have a telephone account in your name. A creditor may consider whether you have a phone.

Consider the racial composition of the neighborhood where you want to buy, refinance or improve a house with money you are borrowing.

III. When Evaluating Your Income, Creditors May Not...

Refuse to consider reliable public assistance income the same way as other income.

Discount income because of your sex or marital status. For example, a creditor cannot count a man's salary at 100 percent and a woman's at 75 percent. A creditor may not assume a woman of childbearing age will stop working to raise children.

Discount or refuse to consider income because it comes from part-time employment, Social Security, pensions, or annuities.

Refuse to consider reliable alimony, child support, or separate maintenance payments. A creditor may ask you for proof that you receive this income consistently.

IV. You Also Have The Right To...

Have credit in your birth name (Mary Smith), your first and your spouse's last name (Mary Jones), or your first name and a combined last name (Mary Smith Jones).

Get credit without a cosigner, if you meet the creditor's standards.

Have a cosigner other than your spouse, if one is necessary.

Keep your own accounts after you change your name, marital status, reach a certain age, or retire, unless the creditor has evidence that you're not willing or able to pay.

Know whether your application was accepted or rejected within 30 days of filing a complete application.

Know why your application was rejected. The creditor must tell you the specific reason for the rejection or that you are entitled to learn the reason if you ask within 60 days. An acceptable reason might be: "your income was too low" or "you haven't been employed long enough." An unacceptable reason might be "you didn't meet our minimum standards." That information isn't specific enough.

Learn the specific reason you were offered less favorable terms than you applied for, but only if you reject these terms. For example, if the lender offers you a smaller loan or a higher interest rate, and you don't accept the offer, you have the right to know why those terms were offered.

Find out why your account was closed or why the terms of the account were made less favorable, unless the account was inactive or you failed to make payments as agreed.

V. A Special Note To Women

A good credit history — a record of your bill payments — often is necessary to get credit. This can hurt many married, separated, divorced, and widowed women. Typically, there are two reasons women don't have credit histories in their own names: either they lost their credit histories when they married and changed their names, or creditors reported accounts shared by married couples in the husband's name only.

If you're married, separated, divorced, or widowed, contact your local consumer reporting companies to make sure all relevant bill payment information is in a file under your own name. Your credit report includes information on where you live, how you pay your bills, and whether you've been sued, arrested or filed for bankruptcy. National consumer reporting companies sell the information in your report to creditors, insurers, employers, and other businesses that, in turn, use it to evaluate your applications for credit, insurance, employment, or renting a home.

The Fair Credit Reporting Act (FCRA) requires each of the three nationwide consumer reporting companies — Equifax, Experian, and TransUnion — to give you a free copy of your credit report, at your request, once every 12 months. To order your report, visit annualcreditreport.com, call 1-877-322-8228, or complete the Annual Credit Report Request Form and mail it to: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281. You can print the form from [here](#).

VI. If You Suspect a Creditor has Discriminated Against You, Take Action.

Complain to the creditor. Sometimes you can persuade the creditor to reconsider your application.

Check with your state Attorney General's office (www.naag.org) to see if the creditor violated state equal credit opportunity laws.

Consider suing the creditor in federal district court. If you win, you can recover your actual damages and be awarded punitive damages if the court finds that the creditor's conduct was willful. You also may recover reasonable lawyers' fees and court costs. Or you might consider finding others with the same claim, and getting together to file a class action suit. An attorney can advise you on how to proceed.

Report violations to the appropriate government agency. If you've been denied credit, the creditor must give you the name and address of the agency to contact.

A number of federal agencies share enforcement responsibility for the ECOA. Determining which agency to contact depends on the type of financial institution you dealt with.

For retail and department stores; mortgage, small loan and consumer finance companies; oil companies; public utilities; state credit unions; government lending programs; or travel and expense credit card companies are involved, contact:

Federal Trade Commission
Consumer Response Center
Washington, DC 20580
1-877-FTC-HELP (1-877-382-4357); TDD: 1-866-653-4261
www.ftc.gov

The FTC generally does not intervene in individual disputes, but the information you provide may indicate a pattern of violations that the Commission would investigate.

For nationally-chartered banks (National or N.A. will be part of the name):

Comptroller of the Currency
Consumer Assistance Group
1301 McKinney Street
Houston, TX 77010-9050
1-800-613-6743
www.helpwithmybank.gov

For state-chartered banks insured by the Federal Deposit Insurance Corporation, but not members of the Federal Reserve System:

Federal Deposit Insurance Corporation
Consumer Response Center
2345 Grand Boulevard
Suite 100
Kansas City, MO 64108
1-877-ASK-FDIC (1-877-275-3342)
www.fdic.gov

For federally-chartered or federally-insured savings and loans:

Office of Thrift Supervision
Consumer Affairs
1700 G Street NW
Washington, DC 20552
1-800-842-6929; TTY: 800-877-8339
www.ots.treas.gov

For federally-chartered credit unions:

National Credit Union Administration
1775 Duke Street
Suite 4206
Alexandria, VA 22314-3437
1-800-755-1030
www.ncua.gov

For state member banks of the Federal Reserve System:

Federal Reserve Consumer Help Center
P.O. Box 1200
Minneapolis, MN 55480
1-888-851-1920; TDD: 877-766-8533
www.federalreserveconsumerhelp.gov

For discrimination complaints against all kinds of creditors:

Department of Justice
Civil Rights Division
Washington, DC 20530
www.usdoj.gov/crt

Still Not Sure Who to Contact?

If you can't figure out which federal agency has responsibility for the financial institution you dealt with, visit www.federalreserveconsumerhelp.gov or call 1-888-851-1920.

For More Information

The FTC works to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop and avoid them. To file a [complaint](#) or get [free information on consumer issues](#), visit ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. Watch a new video, [How to File a Complaint](#), at ftc.gov/video to learn more. The FTC enters consumer complaints into the [Consumer Sentinel Network](#), a secure online database and investigative tool used by hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

From The Federal Trade Commissions Website – <http://www.ftc.gov>