

Overview of Select Federal Credit Protection Laws For Servicemembers

This document provides an overview of the relevant portions of the Fair Credit Reporting Act and the Servicemembers Civil Relief Act, which provide various consumer and credit protections to servicemembers.

I. THE FAIR CREDIT REPORTING ACT (“FCRA”)ⁱ

The FCRA regulates the collection, dissemination, and use of consumer information, including consumer credit information. It allows individuals to obtain free credit reports and provides an avenue for disputing errors. The FCRA also provides additional protection for active duty servicemembers through an “active duty alert” provision.

A. Under the FCRA, all consumers are entitled to a free credit report.

- Every 12 months, consumers are entitled to one free credit report from each nationwide credit bureau upon request.
- A consumer is also entitled to a free file disclosure if someone has taken an adverse action against the consumer because of information contained in his or her credit report. A file disclosure includes a copy of his or her full credit report.
- Consumers who are victims of fraud are also entitled to a free credit report and the placement of a fraud alert in their files.

B. To obtain a free credit report, a consumer may:

- Visit **annualcreditreport.com**. (Note: Make sure you type this web address carefully or link to it from an official government website to avoid scammers.)
- Call: **1.877.322.8228**
- Mail a request to: **Annual Credit Report Request**, P.O. Box 105281, Atlanta, GA 30348-5281

C. Servicemembers may place an “active duty alert” on their credit reports to help minimize the risk of identity theft during deployment.ⁱⁱ

- A servicemember or personal representative may place or remove an active duty alert on one’s credit that stays in effect for one year. If deployment lasts longer than one year, another alert may be placed on the servicemember’s report.
- To place an active duty alert, one of the following nationwide consumer-reporting companies must be contacted and shown the appropriate proof of identity:
 - Equifax: 1-800-525-6285; www.equifax.com
 - Experian: 1-888-397-3742; www.experian.com
 - TransUnion: 1-800-680-7298; www.transunion.com

D. **Credit reporting agencies and those who report to credit agencies are obligated to correct inaccurate or incomplete information contained in a credit report. To dispute a claim, a consumer must:**

- Write the credit-reporting agency to explain what information is incorrect. The company must investigate legitimate claims within 30 days and provide written results of the investigation.
- Write the person who submitted the incorrect information. If the information submitted to the agency is inadequate, it may not be submitted again.

II. **THE SERVICEMEMBERS CIVIL RELIEF ACT (“SCRA”)ⁱⁱⁱ**

The SCRA provides a range of protections for individuals who are in military service, called to active duty, or deployed for more than 180 days. The law is intended to postpone or suspend certain civil obligations to enable servicemembers to devote their full attention to duty and to relieve the stress of family members.

A. **The SCRA entitles servicemembers to receive a maximum 6% interest rate on credit obligations incurred prior to military service or activation, including credit card debts.**

- Any amount over the 6% is automatically forgiven and may not be added to fees or sought after the servicemember returns from service.
- This provision applies to loans that were incurred prior to the start of service by the servicemember individually or jointly with his or her spouse.
- To exercise his or her right under this provision, the servicemember must provide written notice to the lender along with a copy of the relevant orders.

B. **The SCRA protects service members against mortgage foreclosure.**

- A sale, foreclosure or seizure of property for a breach of mortgage or trust deed will not be valid if made during or within 90 days after military service.
- The mortgage obligation must have originated prior to active duty.
- The servicemember or family member must have owned the property prior to active duty.
- The ability of the servicemember to meet his or her financial obligation must be materially affected by the servicemember’s active duty obligation.

ⁱ The full text of the FCRA is available at <http://www.ftc.gov/os/statutes/031224fcra.pdf>

ⁱⁱ More information about the “active duty” alert is available at <http://www.ftc.gov/bcp/edu/pubs/consumer/alerts/alt147.shtm>.

ⁱⁱⁱ The full text of the SCRA is available at <http://www.dcuc.org/PDF%20Files/scra.pdf>. In 2009, Congress passed the Military Spouses Residency Relief Act, which amended the SCRA to further protect the residences and domiciles of servicemembers and their families among other things. A link to the full text of this Act is available at <http://www.whitehouse.gov/the-press-office/statement-press-secretary-s-475>.