

FCRA Employment Guidelines

Hiring requirements when using a consumer report

Get Written Consent

Before you request an applicant's consumer report, you must notify the applicant that you plan to do so and get the applicant's written authorization. This notice and authorization must be set forth in a separate document that doesn't include other information. In other words, it can't be a section of your employment application.

Send a Pre-Adverse Action Disclosure

Once you get the report, you may decide not to hire the applicant based on something in the report. In this situation, you must first send the applicant a notice stating that you plan to take this "adverse action" (deciding not to hire him or her). With your notice, you must include two documents: (1) a copy of the consumer report, and (2) a copy of a notice from the Federal Trade Commission entitled "A Summary of Your Rights Under the Fair Credit Reporting Act," which tells the applicant how to challenge any incorrect information in the report, among other things.

(The credit reporting agency that sent you the report should also give you a copy of the FTC's Summary of Rights; if it doesn't, you can find a copy at the [FTC's website](#).)

Send an Adverse Action Notice

Once you have made a final decision not to hire the applicant based on information contained in the consumer report, you must send the applicant another document called an "adverse action notice." This notice explains that you are not hiring the applicant and provides some information on the applicant's rights, including the right to dispute the accuracy of the report and the right to obtain an additional copy.

Next Steps

To find out more about each of these requirements, go to the FTC's website, www.ftc.gov, and review its publication "Employment Background Checks and Credit Reports." You can find all of the forms you need to get consent and provide the proper notices to applicants in Nolo's [Rejecting a Job Applicant: Employer's Adverse Action Forms Kit](#). In addition to these federal guidelines, employers should adhere to state and local guidelines for hiring employees.