

March 21, 2020

Dear Speaker Pelosi, Leader McConnell, Leader McCarthy, and Leader Schumer:

We are grateful for your leadership during this health crisis and your efforts to help the nation swiftly recover from its economic impacts.

We are writing to inform you of the well-established credit reporting procedures being applied to credit reports during the COVID-19 pandemic. Since the start of the crisis, lenders have been applying existing “paid as agreed to” or natural disaster credit codes to ensure delinquent or missed payments resulting from the economic impact of Coronavirus do not adversely impact individuals’ credit. Additionally, we have confirmed with the leading credit agencies this coding will not harm credit scores.

As you consider options to protect consumers from harm, please be aware that blanket suppression of all adverse information in credit reports could disrupt consumer access to credit in the future. Further, credit agencies have stated that not reporting information will actually have a negative impact on consumers’ scores. Additionally, lenders can use the appropriate natural disaster or “paid as agreed to” codes now. Changing the credit reporting system across the entire country for the nation’s millions of lenders (many of whom are working remotely) will take months.

While suppression is well intended, it could undermine safety and soundness. Encouraging lenders to continue allowing complete credit reporting information to reflect loans where payments are deferred or in forbearance due to an ongoing natural disaster is a better solution. This would quickly and efficiently ensure that coronavirus-related incidents do not negatively affect a consumer’s credit score.

Lenders are already deploying the multiple tools at their disposal to shield customers from financial harm and negative credit reporting due to a situation that is not of their making and will continue to do so until this crisis subsides.

Thank you for your leadership and we remain eager to help you in any capacity we can.

Sincerely,

American Financial Services Association
Consumer Bankers Association
Credit Union National Association
National Association of Federally-Insured Credit Unions
U.S. Chamber of Commerce