



FEDERAL TRADE COMMISSION PROTECTING AMERICA'S CONSUMERS

Screening tenants? Check out the FTC's new guidance

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Using background checks to screen tenants? Or maybe your company provides those background checks to landlords? Make sure you're complying with the Fair Credit Reporting Act (FCRA). The FTC's new guidance [for landlords](#) and [for tenant background screening companies](#) can help.

What do landlords need to know?

Landlords must take certain steps before getting a consumer report and after taking an adverse action based on the report. A consumer report can include a credit report, a rental history report or a criminal history report. Landlords can only get consumer reports if they have a "permissible purpose," like tenant screening. Before you get a consumer report, you must certify to the company providing the report that you'll use the report only for housing purposes.

If you, as a landlord, take an adverse action against a tenant or rental applicant, then you must give notice – orally, in writing or electronically. An adverse action could include denying a lease, requiring a co-signor, or requiring higher rent than for another applicant. The FTC's guidance has more examples of when an adverse action notice is required. When you send an adverse action notice, it must include the contact information for the company who supplied the report and an explanation of the right to dispute the report.

What should tenant background screening companies keep in mind?

Even if you don't think of your company as a consumer reporting agency, it may be one if it provides information about people to landlords for use in housing decisions. Background screening reports provided by your company are covered by the FCRA if they're used to help decide eligibility for housing and include information "bearing on a consumer's creditworthiness, credit standing, credit capacity, character, general reputation, personal characteristics, or mode of living."

If your tenant background screening company is covered by the FCRA, then you have four main requirements:

- Follow reasonable procedures to ensure accuracy.
- Get certifications from your clients.
- Provide your clients with information about the FCRA.
- Honor the rights of applicants and tenants.

The new guidance includes details about each of these requirements, as well as a handy chart of key FCRA provisions.

Whether you're a landlord or a screening company, when you're done using a consumer report, you must securely dispose of it. For more information, read [Disposing of Consumer Report Information? Rule Tells How.](#)

Share these resources – and the FTC's [Credit Reporting](#) and [Human Resources](#) portals – with others in your company.



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