



February 7, 2018

TO: House Committee on Business & Labor
FR: Charlie Fisher, State Director, Oregon State Public Interest Research Group (OSPIRG)
RE: HB 4147 w/ -1 Amendment

OSPIRG supports HB 4147 with the -1 Amendment, but has some recommendations to improve protections for consumers.

The behemoth credit bureau Equifax's massive security breach – affecting 1.7 million Oregonians and 143 million Americans nationwide – is just the most recent reminder of the need to allow consumers to lock down or “freeze” their credit reports preventing identity thieves from setting up new credit accounts in an unsuspecting consumer's name. Freezing or locking credit reports prevents identity thieves from setting up new accounts because creditors will not open new accounts without first checking a consumer's credit report.

The three major consumer reporting agencies - Equifax, TransUnion, and Experian - charge Oregon consumers \$10 to freeze their credit reports and an additional \$10 every time they want to thaw or lift the freeze. While some of the fees are waived if you are a victim of identity theft and have a police report, it is too onerous and more importantly often too late for consumers to protect themselves. Since consumers never gave the agency permission to collect or sell their data in the first place, providing free freezes, unfreezes, and temporary lifts (thaws) is also a way to return some needed control to consumers of the use of their sensitive information.

In 2016 over \$16 billion was stolen from 15 million Americans as a result of identity theft – a 16% jump from the year before. While consumers are not individually liable for the fraudulent charges, they spend endless time, effort and frustration in clearing up their credit reports and restoring their good names after they have been victimized. In the meantime, because of their poor credit rating as a result of the fraud, they are charged higher interest rates for credit and risk losing out on a new job or housing. According to the Federal Trade Commission (“FTC”) it took credit bureaus more than six months to correct the credit reports of more than half of the identity theft victims surveyed.

Credit reporting agencies should be encouraging consumers to freeze their credit reports, not discouraging us through fees.

While we think this is a significant step in the right direction, we recommend the following modifications to the -1 amendment.

1. The bill should provide for free credit freezes, unfreezes, and thaws for all consumers without exceptions. The public never gave permission to credit bureaus to buy and sell their information, and in Equifax's case, lose it. Consumers should have control, without restriction, as to how and when their financial data is accessed.
2. Completely prohibit up-selling additional paid services to consumers who sign up for free services offered in connection with a data breach. The -1 creates a six-month prohibition on upselling, potentially allowing a company like Equifax to profit off of their own negligence after the 6 month window expires.