

# Congress of the United States

Washington, DC 20515

August 4, 2022

Mark Begor  
Chief Executive Officer  
Equifax  
1550 Peachtree St. NW  
Atlanta, GA 30309

Dear Mr. Begor,

We write regarding a disturbing new report that from March 16, 2022 to April 6, 2022, Equifax provided “erroneous scores on people applying for auto loans, mortgages and credit cards to banks and nonbank lenders big and small.”<sup>1</sup> These inaccuracies were big “enough to alter the interest rates consumers were offered or to result in their applications being rejected altogether.”<sup>2</sup> This is a deeply troubling allegation, raising questions about the impact your opaque practices may have on America’s financial institutions and on individual borrowers, who may be stuck paying higher costs for loans credit cards, cars, and houses. Your company owes the public a clear and transparent explanation for why and how it made such grievous errors, the scope of the errors, and why you have failed to notify affected consumers of these errors.

Equifax maintains credit scores on more than 200 million U.S. consumers and sells this information to lenders to help determine loan decisions, including rates and rejections.<sup>3</sup> In 2021 alone, your company delivered more than 2.8 billion consumer credit card files to U.S. lenders.<sup>4</sup> Given Equifax’s size and role as one of just three national credit bureaus, these credit scores are an essential requirement for Americans seeking all types of loans.<sup>5</sup>

Equifax’s failure likely impacted hundreds of thousands of Americans, and your company’s inability or unwillingness to provide full and complete information to the public, to lenders, or to affected consumers is deeply troubling. Initial reports indicate that the miscalculations may have affected “about 12% of credit scores.”<sup>6</sup> Equifax estimated that “less than 300,000 consumers experienced a score shift of 25 points or more,” but has not released data yet on how these consumers were impacted.<sup>7</sup> According to the *Wall Street Journal*, lenders are still seeking

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<sup>1</sup> Wall Street Journal, “Equifax Sent Lenders Inaccurate Credit Scores on Millions of Consumers,” Andrew Ackerman and AnnaMaria Andriotis, August 2, 2022, <https://www.wsj.com/articles/equifax-sent-lenders-inaccurate-credit-scores-on-millions-of-consumers-11659467483>.

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

<sup>4</sup> Equifax, “Who We Are,” <https://www.equifax.com/about-equifax/who-we-are/>.

<sup>5</sup> Federal Trade Commission, “Equifax Data Breach Settlement,” <https://www.ftc.gov/enforcement/refunds/equifax-data-breach-settlement#FAQ7>.

<sup>6</sup> National Mortgage Professional, “Equifax Telling Lenders Of Potential Errors In Credit Scores,” Steve Goode, May 27, 2022, <https://nationalmortgageprofessional.com/news/equifax-telling-lenders-potential-errors-credit-scores>.

<sup>7</sup> Equifax, “Equifax Statement on Recent Coding Issue,” press release, August 2, 2022, <https://www.equifax.com/newsroom/all-news/-/story/equifax-statement-on-recent-coding-issue/>.

information on who was affected, but one large auto lender was told that several thousand applicants during this period saw changes of 25 points or more on their credit score, while a big bank reported 18 percent of applicants were given incorrect scores with an average swing of 8 points.<sup>8</sup> Swings of 25 points or more could materially impact the rates consumers are offered or even result in an unfair rejection.

Your company also failed to alert consumers about these inaccuracies, and waited several weeks before warning lenders. Equifax reportedly began alerting lenders that they were given inaccurate scores in May 2022, at least three weeks after the errors were sent, and has not alerted impacted consumers.<sup>9</sup> Lenders are reportedly attempting to reprice loans or give rejected applicants an opportunity to reapply,<sup>10</sup> but with interest rates rising in the past six months, consumers are still getting the short end of the stick.<sup>11</sup>

Equifax's failure to properly alert consumers and lenders about issues with the company's credit scoring system is unacceptable and could continue the harm caused by these errors. In 2017, following your company's egregious data breach, Equifax waited 40 days to alert regulators and consumers and offered unreliable and insufficient assistance, mistakes we urge you not to repeat when addressing these credit score inaccuracies.<sup>12</sup> Equifax should act immediately to alert and compensate impacted consumers and give regulators and lenders the necessary information to prevent these inaccuracies from occurring again.

To better understand Equifax's reporting of inaccurate credit scores and the impact it had on consumers and the economy as a whole, we ask that you answer the following questions by August 19, 2022:

1. What, specifically, was the cause of the errors? How did Equifax determine that errors were made?
2. How many inaccurate credit scores did Equifax release between March 16, 2022 and April 6, 2022? What percent of all scores released during this time period were inaccurate?
3. Please provide the following information on the erroneous credit scores released during this period:
  - a. What industry the impacted lenders were in;
  - b. The average change between the erroneous credit score and the accurate credit score;
  - c. How many erroneous scores, in each industry, led to a loan rejection;

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<sup>8</sup> Wall Street Journal, "Equifax Sent Lenders Inaccurate Credit Scores on Millions of Consumers," Andrew Ackerman and AnnaMaria Andriotis, August 2, 2022, <https://www.wsj.com/articles/equifax-sent-lenders-inaccurate-credit-scores-on-millions-of-consumers-11659467483>.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

<sup>11</sup> CNBC, "Fed hikes interest rates by 0.75 percentage point for second consecutive time to fight inflation," Jeff Cox, July 27, 2022, <https://www.cnbc.com/2022/07/27/fed-decision-july-2022-.html>.

<sup>12</sup> Office of Senator Elizabeth Warren, "Bad Credit: Uncovering Equifax's Failure to Protect Americans' Personal Information," February 2018, [https://www.warren.senate.gov/files/documents/2018\\_2\\_7\\_%20Equifax\\_Report.pdf](https://www.warren.senate.gov/files/documents/2018_2_7_%20Equifax_Report.pdf).

- d. How many erroneous scores, in each industry, led to a higher loan rate; and
  - i. How many consumers declined a higher loan rate caused by erroneous credit scores.
4. Does Equifax have any reason to believe that particular classes of borrowers – i.e. Black, Hispanic, low-income, urban or rural, etc. – may have been disproportionately affected by these errors?
5. How long was Equifax aware of the errors before alerting lenders? Has it now alerted all affected lenders?
6. Has Equifax alerted the Consumer Financial Protection Bureau, or any other regulators of these problems? If so, when and how did the company notify these regulators?
7. Has Equifax made an effort to identify and alert impacted consumers?
8. What are Equifax’s plans to compensate impacted consumers?
  - a. Specifically, will Equifax compensate consumers who were forced to take out loans at higher rates because of this error, and if so, will Equifax continue to compensate for the higher rate throughout the loan?
  - b. Will Equifax compensate consumers who were denied loans because of the error, and if so, how?

Thank you for your attention to this matter.

Sincerely,



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Elizabeth Warren  
United States Senator



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Mark R. Warner  
United States Senator



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Raja Krishnamoorthi  
Member of Congress