



The CFPB has issued a final rule amending Regulation V, which implements the Fair Credit Reporting Act (FCRA), concerning medical information. The FCRA prohibits creditors from considering medical information in credit eligibility determinations. The CFPB is removing a regulatory exception that had previously permitted creditors to obtain and use information on medical debts.

So, what does this mean?

The credit reports your bank orders will no longer contain information on medical debt that creditors are prohibited from using. The three major credit reporting agencies will remove specific kinds of medical debt from credit reports, decreasing medical bills' impact on consumer scores. In doing so, it should end the practice of debt collectors abusing the credit reporting system to coerce payment of bills regardless of their accuracy. You will, however, still be able to request medical information to verify medical-based forbearances, verify medical expenses for consumer loan requests, consider certain benefits as income in underwriting, and other legitimate purposes.

The big takeaway is lenders are now prohibited from considering medical information in their underwriting process, including using information about medical devices, i.e., prosthetic limbs, as collateral for the purposes of repossession.

Most lenders pull credit reports to confirm debt for underwriting purposes and figuring qualifying ratios. In these cases, procedures will not need to change since medical debt must be removed from credit reports. It is, however, important to train your lenders that medical debt cannot be factored into underwriting.

You can access the final rule [here](#). This rule will be effective 60 days after publication in the Federal Register.

CCI suggests you forward this information to your Compliance and/or Loan Operations staff, as always, CCI is happy to help with any compliance-related questions.

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