



Facts about mailing lists and preapproved credit offers

Reports on Credit — Issue 7

Advertising and preapproved credit offers seem to be everywhere. They arrive in your mailbox — and your email inbox — every day.

This issue of *Reports on Credit* answers these important questions:

- What are the benefits of advertising mail and preapproved credit offers?
- What is “target” marketing?
- How does your name get on a mailing list?
- Why do you receive preapproved credit offers?
- How are your rights as a consumer protected?
- How can you remove your name from preapproved credit offer lists?
- How can you opt out of direct-marketing offers for products or services other than credit?

What are the benefits of advertising mail and preapproved credit offers?

Some people enjoy the choices and opportunities that advertising mail provides. They look forward to receiving catalogs and money-saving coupons and appreciate the convenience of pressure-free shopping from home, free trial offers on new products and services, and invitations to special sales that aren't widely advertised.

Companies that offer you preapproved credit lines have conducted a complex marketing process called prescreening. This process helps you obtain credit at a reduced price, with increased value, without having to fill out lengthy forms. You select the most attractive rates and features to fit your needs.

Many creditors today open new accounts only through preapproved credit offers. If you remove your name from preapproved offer mailing lists, you'll be excluded from this marketplace — so you want to think carefully before making this decision.

What is “target” marketing?

Back in the “old days” of direct marketing, businesses prepared a single mail piece, sent it to virtually everyone and then waited for consumers to respond. Today, most companies develop a description of their “ideal” customer and then tailor unique sales offers to fit those potential customers' needs. This approach is called target marketing.

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The right mailing list helps a business reach only those consumers who are likely to be most interested in its products and services. Target marketing reduces “junk” mail — advertising mail that doesn’t relate to your interests or needs.

By eliminating consumers who don’t fit a specific description, a company can mail fewer — but more effective — offers, lower its marketing costs and pass the savings on to you.

How does your name get on a mailing list?

There are four main ways your name might get on a mailing list:

- Surveys you complete and provide to companies are used to compile mailing lists for future offers. Since the information comes directly from you, it’s often called “self-reported.”
- Magazines, credit card companies, clubs and organizations, charities, manufacturers, and retailers make lists of their subscribers, customers, members and donors available to other businesses for a rental fee.
- Companies purchase information from various public and private sources to develop consumer databases for specific marketing purposes. These companies are called list compilers. Nearly everyone’s name appears on compiled lists.
- Credit reporting companies (including Experian), under legally specified conditions, provide lists of creditworthy consumers to lenders. These are called prescreened lists.

Why do you receive preapproved credit offers?

From a credit grantor’s perspective, prescreening is a cost-effective way to secure new customers who are most likely to use credit wisely and repay their debts on time. It allows a credit grantor to define an “ideal” consumer, decide how much credit to give that potential customer and then send a preapproved offer to thousands — or even millions — of consumers who meet its criteria.

If you receive a preapproved credit offer, all you have to do to accept it is sign your name and provide a few other limited pieces of information. Sometimes you only need to call the company or visit a website. But the federal Fair Credit Reporting Act lets creditors review your credit history when you reply to an offer. That means you can be denied if you don’t still meet the lender’s criteria.

How are your rights as a consumer protected?

The entire process of ordering lists, generating mailing labels and sending offers to consumers is automated by computer processing. Large numbers of names — from a few thousand to many million — are processed at one time.

Marketers don’t review individual records. In fact, they rarely even see consumer names. Third-party companies generally print mailing labels, attach them to the advertising mail and take the mail to the post office.

The prescreening process, which includes checking your credit history, contains additional consumer protections:

- Consumer credit information is summarized and coded for confidentiality.
- Federal guidelines require that consumers who are selected by the prescreening process must receive a “firm offer” of credit or insurance, although rates may vary.
- Federal law requires credit grantors to extend credit in a fair and consistent manner. They can’t consider such factors as your sex, marital status, race or religion.
- An inquiry is added to your credit history as a record that your report was accessed to extend the offer. That inquiry is shown only to you and doesn’t affect other lending decisions or credit scores.

How can you remove your name from preapproved credit offer lists?

You can remove your name from Experian-generated mail and telephone lists for prescreened credit offers by calling 1 888 5 OPT OUT (1 888 567 8688) or by visiting www.optoutprescreen.com.

The names of consumers who opt out with Experian will be shared with Equifax and TransUnion, the two other national credit reporting companies.

Your request becomes effective with Experian within five days, but it may take several months before you see a reduction in the number of solicitations.

How can you opt out of direct-marketing offers for products or services other than credit?

If you want to limit the amount of direct-mail and email marketing offers you receive, you can register with the Direct Marketing Association’s DMA Choice program at www.dmachoice.org. Once you’ve registered, you can specify that you don’t want to receive offers from certain companies or categories of companies. DMA members, including Experian, use the DMA list to remove names from their own mailing lists.

You also can remove your name from telemarketing lists by registering with the National Do Not Call Registry. To register your name, visit www.donotcall.gov or call 1 888 382 1222.

Opting out won’t end solicitations from all local merchants, religious and charitable associations, professional and alumni associations, politicians, and companies with which you conduct business. To eliminate mail from these groups — as well as mail addressed to “Occupant” or “Resident” — you need to write directly to each source.

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Experian
475 Anton Blvd.
Costa Mesa, CA 92626
T: 1 888 414 1120
www.experian.com

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