



The use of credit reports for employment purposes

Reports on Credit — Issue 9

You expect a bank or department store to look at your credit report when you apply for a loan or a credit card, but you might not know that credit reports are used for noncredit purposes as well — including employment. When you apply for a job, your potential employer has a legal right to review your report, and your current employer can review it when deciding whether to promote you or for other employment purposes.

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

- What is an employment report?
- Who uses employment reports?
- What types of information are included in an employment report?
- How are your rights as a consumer protected?

What is an employment report?

Federal law specifically allows potential and current employers to view a modified version of your credit report for employment purposes like hiring and promoting.

This modified credit report is called an employment report. It includes much of the loan and credit card information

listed in your credit report. To protect your financial security and meet equal opportunity employment laws, Experian® omits account numbers and year of birth and spouse references on employment reports.

Who uses employment reports?

Traditionally, companies in the defense, chemical, pharmaceutical and financial services industries are the biggest users of credit reports for employment purposes, because of the sensitive positions many of their employees hold.

But other industries are increasingly using the reports to serve as a general indicator of an applicant's financial honesty and personal integrity and to help verify application information to detect fraud.

Protecting yourself against fraud

What types of information are included in an employment report?

An employment report can help verify information on a job application and provide a clearer picture of an applicant. When you pay your bills on time, you demonstrate integrity. If you're handling your personal finances responsibly, an employer can assume you'll handle company financial affairs responsibly too.

It's important to remember one critical thing an employment report doesn't do: It doesn't tell a potential employer whether to hire or promote you. It's typically used in addition to application data, references or skills testing to help employers make the best, most objective hiring decision.

How are your rights as a consumer protected?

Because the information on employment reports is so sensitive, legislators have enacted several consumer protections. For example, federal law says that:

- No one can access your employment report without first obtaining your written permission.
- If your employment report plays any part in a decision that negatively impacts you, the company is required to give you a copy of the report along with a written description of your rights.

Experian has instituted several policies in addition to state and federal requirements to protect your privacy and ensure accuracy. For example:

- Experian strongly recommends to employers that they not deny employment based only on an employment report.
- If potential employers are concerned by information in your employment report, Experian encourages them to give you an opportunity to clarify the issue.
- When employers obtain a copy of your employment report, those inquiries aren't shown on future credit or employment reports, except when you obtain your own report directly from Experian. This means other employers or credit grantors won't be informed about your job-related activities, which protects your privacy. Information about employer access is located in the Requests for Your Credit History section of your personal credit report. It remains on file for two years.

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