Fair and Accurate Credit Transactions Act (FACTA)

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The **Fair and Accurate Credit Transactions Act (FACTA)** was passed by Congress in 2003 to amend the Fair Credit Reporting Act (FCRA).[12] The amendments ensured that any state laws with stricter regulations than those outlined in the FCRA would be enforced first. State laws regarding credit scores, credit reports, and insurance that were to remain in effect as a result of the amendments were outlined within the act. Under the act, consumers received more rights to explanations of their credit scores and the right to a free credit report each year.

Disposal Rule

The Disposal Rule set requirements under FACTA for how public and nonpublic entities have to destroy consumer reports in order to prevent unauthorized access to nonpublic consumer information.[12] Under the act, disposal of physical information can be done through the burning, pulverization, and shredding of documents. Digital information can be disposed of by simply erasing electronic files. Information can also be destroyed by hiring contractors. Due diligence must be performed on documents to identify consumer information before they can be submitted to contractors for disposal.[12] Any disposal of information must be done so in way that the documents cannot be reconstructed and read.[12]

Red Flags Rule

The Red Flags Rule was a rule set under FACTA that requires financial institutions and creditors to develop and implement programs to identify and prevent any identity theft threats.[12][13]

Source:
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