



## Rules for Adverse Action

**Step 1: Written notice and authorization** from applicant is required BEFORE you can order a consumer report/background check for employment purposes. You must notify the individual in writing - in a Stand Alone document. This Stand Alone document is the Release Authorization Notice. The applicant is giving permission for your company to request a background check and use the report for the purpose of qualifying him or her for the specific job position. (Special procedures apply to the trucking industry).

**Step 2: Pre-Adverse action procedures** - If you rely on a consumer report for an "adverse action" such as, a) denying a job application; b) requiring more proof of positive credit; c) explanation of negative credit such as extenuating circumstances; d) reassigning or terminating an employee; e) denying a promotion - be aware of the following: Before you take the adverse action, you must give the individual a **pre-adverse action disclosure** that includes a **copy of the individual's consumer report** (background check), **and a copy of "A Summary of Your Rights Under the Fair Credit Reporting Act"**. This is a document prescribed by the Federal Trade Commission (FTC). The CRA (screening company) furnishing the individual's report will give you the document, A Summary of Your Rights under the Fair Credit Reporting Act.

**Step 3: Post-Adverse Action** - After you've made the decision to take adverse action, you must give the individual notice - orally, in writing, or electronically - that you have done the following:

- a. Taken the adverse action. The notice must include: the name, address, and phone number of the CRA (screening company) that supplied the report;
- b. A statement that the CRA supplying the report did not make the decision to take the adverse action, and cannot give specific reasons for the adverse action;
- c. A notice of the individual's right to dispute the accuracy or completeness of any information the CRA furnished;
- d. His or her right to a free copy of the consumer report from the CRA. Request is required to be made by consumer within 60 days.

What's your responsibility? In any case where information from a consumer report is a factor in your decision to not hire - even if the report information is not a major consideration - you must follow the procedures mandated by the FCRA. In this case, you must provide the applicant a **pre-adverse action disclosure and copy of their background check BEFORE** you reject his or her application. When you formally reject the applicant, you must provide **an adverse action notice**.