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DOLLARS & SENSE: Credit report can affect your job search

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With more employers just starting to hire again, nothing could be more disheartening for a job seeker than to have an offer rescinded because of a bad credit report.

It's becoming increasingly popular for employers to use credit reports as a way to learn more about potential workers. Along with driving records, criminal background checks and drug tests, it's become a standard part of the screening process.

This employment credit report includes much of the information about loans and credit cards that is listed in a standard credit report. It typically contains four types of information:

-- Identifying data, such as name, Social Security number and past addresses.

-- How people pay their debts, such as by credit cards and personal loans, and what are their car payments, student loans, and mortgage payments. It also shows how much credit a person has been given, how much they currently owe and whether debts have been paid late or sent for collection.

-- Who has requested a credit report.

-- Public records such as court judgments, liens and bankruptcies. Negative information will stay on a report for seven years, and bankruptcies stay for 10 years (although there are limitations to using a bankruptcy in an employment decision).

For pre-employment credit reports, the three major credit bureaus use a special reporting format that leaves out actual credit card account numbers, credit risk scoring and age.

Credit reporting agencies Experian, TransUnion and Equifax omit account numbers, year of birth and references to the spouse in order to protect the

consumer's financial security and meet equal employment opportunity laws.

Credit report adds information

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

But these days any company can - and many do - use the reports to serve as a general indicator of an applicant's financial honesty and personal integrity.

The report, however, does not tell a potential employer whether to hire or promote an applicant. An employment credit report typically is used in addition to application information, references or skills testing to help employers make the best, most objective hiring decision.

Credit reporting agencies, as well as the federal government, advise employers not to deny employment based solely on credit reports.

Because inaccurate or incomplete consumer reports could cause applicants to be denied jobs or cause employees to be denied promotions unjustly, Congress expanded employer responsibilities.

-- Federal law prohibits anyone from accessing a credit report without first obtaining written permission from the consumer.

-- If the credit report plays any part in a decision that negatively impacts the consumer, federal law requires the company to give the consumer a copy of the report along with a written description of the consumer's rights.

The information should include a pre-adverse action disclosure that includes a copy of the individual's consumer report and a copy of "A Summary of Your Rights Under the Fair Credit Reporting Act" - a document prescribed by the Federal Trade Commission.

After the company has denied employment, it must give the individual notice - orally, in writing or electronically - that the action has been taken in an adverse action notice. It must include:

-- The name, address, and phone number of the credit reporting agency that supplied the report;

-- A statement that the credit reporting agency that supplied the report did not make the decision to take the adverse action and cannot give specific reasons for it;

-- A notice of the individual's right to dispute the accuracy or completeness of any information the agency furnished, and his or her right to an additional free consumer report from the agency upon request within 60 days.

Check your credit report

Because so much can be riding on this one report, credit reporting agencies encourage the employer to give the applicant an opportunity to clarify any issues that may jeopardize employment.

Of course, credit bureaus make efforts to be accurate, but they handle millions of pieces of data assembled by human beings and computers from sources all over the United States and mistakes are always possible.

Negative information may also be the result of a disputed bill, dissolution of marriage or some other problem outside the applicant's control.

If you are actively seeking employment, it might not be a bad idea to look over your credit report. (You should view it every year anyway.) Contact all three major credit bureaus and request a copy.

You may have to pay as much as $8 a copy, but if you haven't obtained one in a year, it should be free. There are also other circumstances where the reports are free.

-- Trans Union (www.transunion.com/CreditReport/CreditFileInfo.asp): 800-888-4213.

-- Equifax (www.econsumer. equifax.com/): 888-532-0179.

-- Experian (www.experian.com/customer/index/html): 800-972-0322.

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