

# FTC and Federal Reserve Issue Proposed Amendments to the Risk-Based Pricing Rule

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March 4, 2011

Earlier this week, the Federal Trade Commission (“FTC”) and the Federal Reserve Board issued [proposed amendments](#) to the Risk-Based Pricing Rule (“Rule”) that would require creditors to disclose credit score information when a credit score is used to set or adjust credit terms. The proposed changes would implement provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act and become effective July 21, 2011.

The Rule, promulgated under the Fair Credit Reporting Act, currently requires creditors to send a risk-based pricing notice if, based on the consumer’s credit report, the creditor provides materially less favorable credit terms than the most favorable terms it provides to a substantial portion of other consumers. A recipient of the notice can obtain a free credit report to check its accuracy.

The proposed amendments would require credit score disclosure if a credit score is used to make the determination, add content to the notices, and provide new model notices. There will be a 60-day comment period once the proposal is published in the Federal register.