

A background image showing a close-up of two hands shaking in a firm grip, symbolizing agreement or partnership. The hands are wearing white shirt cuffs and dark suit sleeves.

USA EMPLOYERS: BEST PRACTICES FOR COMPLIANCE

Enacted back in 1970, the Federal Fair Credit Reporting Act (FCRA) was designed to promote fairness, accuracy, and ensure data confidentiality for consumers when their consumer reports are obtained through third-party Consumer Reporting Agencies (CRAs).

Consumer reports are not limited to credit reports. Employment background checks are included as well!

FCRA and Employers

While background screening is vital to businesses that want to hire the right candidates, these valuable checks come with obligations.

Failure to adhere to employer obligations can result in:

- 1 Consumer complaints and class action lawsuits
- 2 Hefty monetary damages from thousands to millions of dollars
- 3 Harm to company reputation

Other Important Considerations

1 Equal Employment Opportunity Commission (EEOC) Guidance of 2012

Guidance for employers on how to perform criminal background checks in a non-discriminatory fashion.

2 State/Local Ban the Box and Fair Chance Laws

Laws aimed at making it easier for ex-offenders to gain employment.

3 Use of Credit reports in hiring decisions

Performing credit checks is a hot-button topic today. Due to their seemingly discriminatory nature, many states and localities have implemented limitations on their use or imposed additional requirements as they relate to consent. Additionally, some states/localities have completely banned the use of credit checks in hiring decisions. It's important to understand these laws and limitations prior to using credit checks.

4 Carefully Determine the types of checks to conduct for each role

When creating hiring policies and defining the types of checks required for different roles, only perform checks that are relevant to the role you are hiring for. Further, be sure to conduct the same check every time for that role, once decided, to eliminate any discriminatory practices. Consistency and unbiased practices are key!