

United States Senate

WASHINGTON, DC 20510

October 29, 2015

The Honorable Ashton Carter
Secretary
U.S. Department of Defense
1000 Defense Pentagon
Washington, DC 20301-1000

Dear Secretary Carter:

We write regarding concerns about military servicemembers and credit reporting. Active duty servicemembers are particularly vulnerable to fraud and identity theft, and those who spend long periods of time away from home may be more likely to experience small negative credit events.¹ Even small credit events, such as a single missed payment, have the potential to snowball into major problems that can endanger their financial well-being.

Unfortunately, many servicemembers are unaware of available tools to protect their credit during active duty service. The Consumer Financial Protection Bureau (CFPB) recently reported that since October 2012, more than 650 active-duty servicemembers have submitted complaints to the CFPB about their credit reports. Perhaps more troubling is the fact that less than one percent of those servicemembers reported placing an Active Duty Alert on their credit reports before leaving. Likely, these self-reported complaints represent a mere fraction of the number of servicemembers experiencing credit reporting issues. Moreover, this report suggests that the vast majority of servicemembers are unaware that they can file Active Duty Alerts or take other steps to protect their finances and credit while deployed.

In addition to shielding the finances and credit of servicemembers from threats of fraud and identity theft while they are deployed, servicemembers also need tools to ensure that their credit reports accurately reflect their full financial profile when they apply for mortgages, loans, lines of credit, and jobs when they return. Under current law, the Fair Credit Reporting Act offers certain protection rights for servicemembers, but more is needed to address the unique financial challenges that servicemembers can encounter when they return from deployment. Servicemembers should have a mechanism by which to notify credit reporting agencies of a military deployment and the option to elect for credit reporting agencies to alert the servicemember if credit is applied for in his or her name.

¹ See Consumer Financial Protection Bureau Report, A snapshot of complaints received from Servicemembers, Veterans, and their families, Spring 2015 (April 2015), available at http://files.consumerfinance.gov/f/201504_cfpb_snapshot-of-complaints-received-from-servicemembers-veterans-and-their-families.pdf. Between July 2011 and December 2014, servicemembers submitted approximately 29,500 complaints to the CFPB, 72% of which concern debt collection, mortgage, and credit reporting issues. As outlined in the report, many of these complaints stem from fraud or unauthorized transactions, uncorrected credit reporting disputes, and other issues with credit monitoring and identity protection services.

It is unreasonable to think that a country would send its men and women overseas to defend our national security without equipping these brave servicemembers with the adequate safeguards to protect their finances and their credit. The CFPB's Office of Servicemember Affairs has worked diligently to bring these issues to the forefront and to acquaint servicemembers with the tools to protect their financial health and credit, and the recent CFPB report demonstrates that we must do more to protect our military servicemembers.

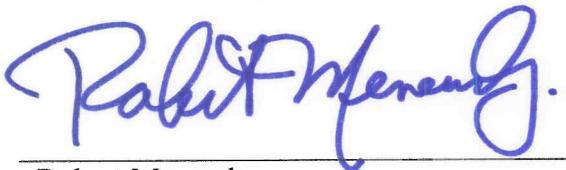
The Department of Defense has a critical role in addressing the unique financial challenges confronting servicemembers, and as such, it is of utmost importance that the Department identify current deficiencies resulting in credit reporting concerns for servicemembers, effectively coordinate with other agencies of jurisdiction, and take proactive steps to notify servicemembers of the tools available to their protect finances and credit.

With that in mind, we would appreciate responses from you to the following questions:


1. Does the Department of Defense have programs or processes currently in place to inform servicemembers of their ability to elect an Active Duty Alert, an Initial or Extended Fraud Alert, or a Security Freeze?
2. Does the Department of Defense provide pre-deployment financial education or financial counseling to inform servicemembers of their options to protect their credit during and after deployment?
3. Should an active duty servicemember experience a negative credit event, what services, if any, does the Department provide to assist in disputing such an event?
4. To what extent does the Department of Defense coordinate with the CFPB to promote awareness and use of credit protection options among servicemembers?
5. Are there any statutory changes that would be helpful to the Department of Defense in ensuring servicemembers have the tools necessary to protect their finances and credit during and after deployment?

Thank you in advance for your attention to this request.

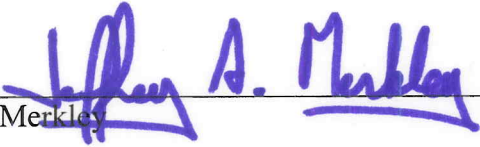
Sincerely,

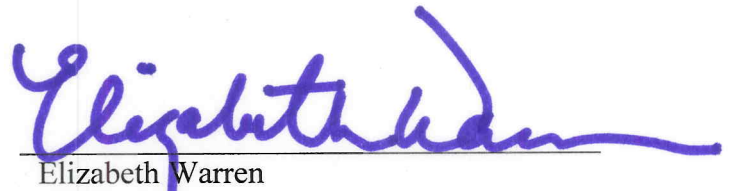


Robert Menendez

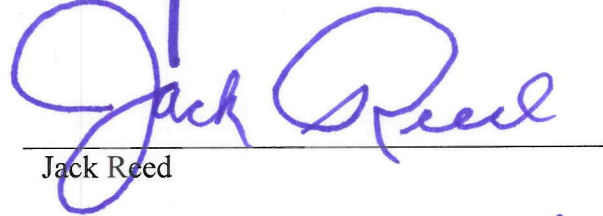


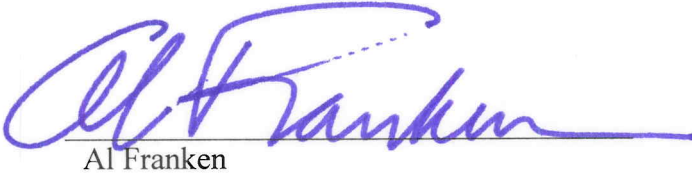
Sherrod Brown

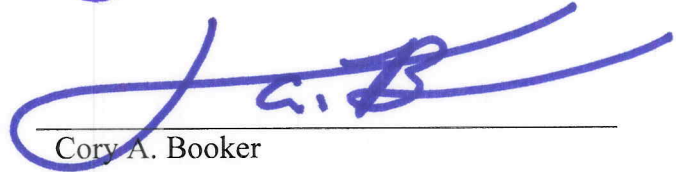

Jeff Merkley


Elizabeth Warren

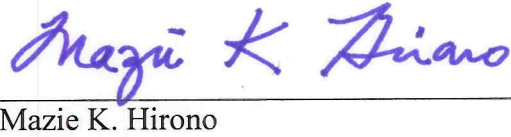

Richard Blumenthal

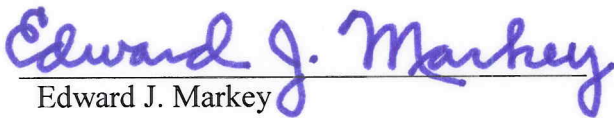

Jack Reed

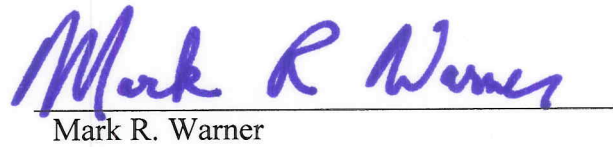

Al Franken

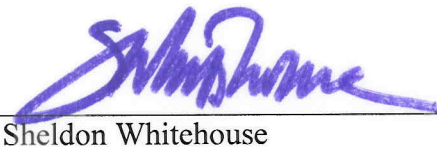

Cory A. Booker

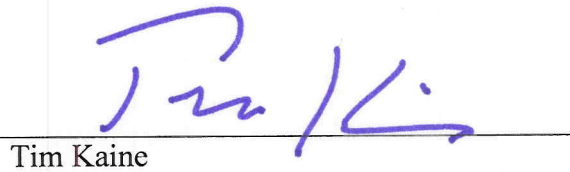

Tom Udall

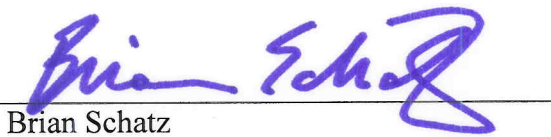

Mazie K. Hirono

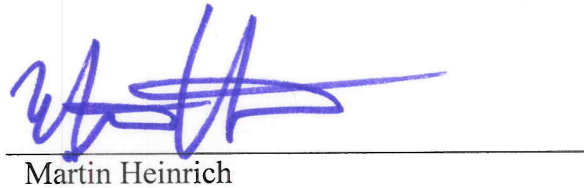

Edward J. Markey

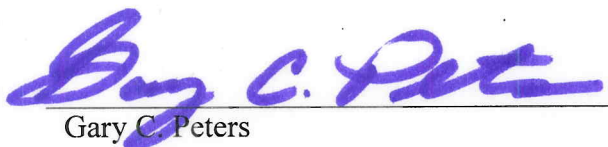

Mark R. Warner

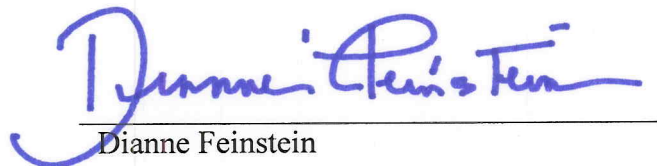

Sheldon Whitehouse

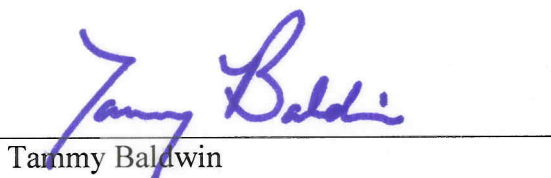

Tim Kaine


Brian Schatz


Martin Heinrich


Gary C. Peters


Dianne Feinstein


Tammy Baldwin