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CONTACTS:

Amanda Werner, Public Citizen, (202) 973-8004, awerner@ourfinancialsecurity.org

Rosemary Shahan, Consumers for Auto Reliability and Safety, (530) 759-9440, rs@carconsumers.org

New Report Shows Why Equifax Wants Arbitration: Few Consumers Use It

Review Reveals Just Five Arbitrations Filed Against Equifax Since 2009

A new [report \(PDF\)](#) released today by the nonprofit [Level Playing Field](#) found just five consumers have filed claims in arbitration against Equifax from 2009 through the first half of 2017. This comes on the heels of public outrage after it was revealed on Friday that consumers who accept free credit monitoring following the company's massive data breach may unknowingly sign away their right to sue the credit reporting agency.

In response to public pressure, Equifax removed this clause from the terms for its TrustedID service. However, the company's broader [terms of use](#) include a forced arbitration clause that purportedly applies to "all other websites owned and operated by Equifax and its affiliates."

"As one of three large credit bureaus, Equifax serves millions of consumers every year," said Amanda Werner, arbitration campaign manager with Americans for Financial Reform and Public Citizen. "The fact that only five consumers nationwide brought arbitrations against Equifax in almost nine years reveals what we already know to be true: forced arbitration kills claims and denies consumers justice. This ripoff clause was no accident."

Level Playing Field, which maintains a database of arbitration awards, also found that three of the Equifax arbitrations reached settlement and two were withdrawn. Notably, all five claims were filed with the American Arbitration Associations ("AAA"), rather than JAMS – the arbitration firm designated in the TrustedID service contract.

"Not only has Equifax been trying to deny its victims their day in court, but they may also be cynically attempting to avoid having to provide any relief to victims who would otherwise benefit from class actions that other consumers bring," said Rosemary Shahan, President of Consumers for Auto Reliability and Safety. "It's become typical for class actions to settle with wildly different results for victims, based on whether they had an arbitration clause, creating two

different levels of relief. In some cases, consumers who were arbitration-free got back thousands of dollars, had deficiencies on loans forgiven, and their credit restored. Victims who did have arbitration got relatively little, or nothing.”

The Consumer Financial Protection Bureau (CFPB)’s [new arbitration rule](#) will prevent credit reporting agencies like Equifax from banning class action lawsuits in connection with any information provided directly to a consumer from their file, which would include information used in connection with credit monitoring or identity theft protection services. However, the rule is not yet in effect, and Congress is [threatening to repeal it](#). A CFPB [study](#) found that most people do not bring individual claims and only an average of 16 people a year win in arbitration; [most lose and pay \\$7,725](#).

“Now is the exact wrong time for Congress to take away what consumer protections we have,” said Werner. “Repealing the CFPB rule would send a clear signal to bad actors like Equifax and Wells Fargo that they can continue to get away with even the most egregious wrongdoing.”

Fair Arbitration Now is a [network](#) of more than 70 consumer, labor, legal, and community organizations.

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