

News and Legislation Relating to Employment and Background Checks

Federal News and Legislation:

Background Checks

- On August 20th, the CFPB filed a Consent Order against First Investors Financial Services Group, Inc. (“First Investors”) to impose a \$2.75 million civil monetary penalty and to require that the company fix computer system errors that transmitted inaccurate information to credit reporting agencies. The CFPB found that First Investors knew of the errors in its computer system, which it purchased from a vendor, and notified the vendor but, “did not make sufficient efforts to fix the errors.” First Investors makes and services auto loans primarily to subprime borrowers, and supplies account information to credit reporting agencies as a furnisher under the Fair Credit Reporting Act. In a statement, CFPB Director Richard Cordray warned that, “Companies cannot pass the buck by blaming a computer system or vendor for their mistakes.” The CFPB found in its investigation that, over a period of at least three years, First Investors provided inaccurate information on consumer payments, distorted dates of delinquency, inflated numbers of delinquencies, and mischaracterized voluntary vehicle surrenders and repossessions. In addition to the civil monetary penalty and improvements to its computer systems, the Consent Order requires First Investors to identify and correct errors on affected consumers’ credit reports, help consumers obtain free copies of their credit reports, and establish appropriate safeguards. The CFPB stated that the errors affected potentially tens of thousands of consumers, but did not state any specific consumer injury.
http://files.consumerfinance.gov/f/201408_cfpb_consent-order_first-investors.pdf
- On August 14th, PricewaterhouseCoopers LLP (“PwC”) published a report entitled, “*The Future of Work: A Journey to 2022*,” which states that nearly one-third of individuals would offer to their employer access to personal data such as social media profiles for the purpose of employers better understanding, motivating, retaining, and supporting their employees. PwC projects that, “this kind of data monitoring of employees is set to rise over the next decade as Generation Y enters the workforce.” PwC Global HR Consulting leader Michael Rendell stated, “Just as advertisers and retailers are using data from customers’ online and social media activity to tailor their shopping experience, organizations could soon start using workers’ personal data (with their permission) to measure and anticipate performance and

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retention issues. This sort of data profiling could also extend to real-time monitoring of employees' health, with proactive health guidance to help reduce sick leave." Rendell added, "Our research reveals that employees are more open to sharing their personal data than previously thought. The millennial generation of workers are particularly happy to share their data, meaning this kind of data monitoring by organizations could become routine in the years to come."

<http://press.pwc.com/GLOBAL/workers-trade-personal-data-for-a-better-work-deal-pwc-future-of-work-report/s/0656132a-4028-4eda-afb3-7fbb1d56c724>

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