

# THE DIFFERENCE BETWEEN EMPLOYMENT & PERSONAL CREDIT CHECKS

Personal and employment credit checks differ in many ways, including why they're run, what's required by law, and the information that gets reported. Here's what to know.



## REASONS TO CHECK CREDIT

### Employment Credit Checks

Employers run credit checks on job candidates to reduce risks such as embezzlement, theft, and negligent hiring lawsuits. Most employers limit credit checks to just those positions that involve significant financial access and responsibility (for example, senior executive positions). Employers are typically assessing a candidate's long-term credit history.

### Personal Credit Reports

People run credit checks on themselves to make sure their information is accurate, up to date, and complete. Most people run their own credit reports to find out their current credit score. Personal credit checks can also help people detect identity theft and fraudulent activity on their accounts.



## LEGAL CONSIDERATIONS

### Employment Credit Checks

An employer must comply with all applicable state laws and the federal Fair Credit Reporting Act (FCRA) when running credit checks to support employment decisions. Among other things, the FCRA requires that employers request a candidate's consent before running a credit check and that they provide the candidate the opportunity to explain or dispute information before the final hiring decision.

### Personal Credit Reports

People can access their personal credit information at any time. The FCRA requires each of the three major credit reporting companies (Equifax, Experian, and TransUnion) to provide people who request their credit report one free copy per 12-month period.



## INFORMATION RETURNED

### Employment Credit Checks

Employment credit checks return a candidate's credit history, past employment information, credit inquiries, and legal activity. This can include bankruptcies and missed credit payments. The FCRA and state regulations dictate how far back the check can go and what specific information an employer will see. Employment credit reports don't reveal a candidate's credit score, bank account balances, or loan payment amounts.

### Personal Credit Reports

People can access all their own credit information, including their credit score. The credit report provides a detailed report of credit activity and history. The credit score is a value a credit bureau derives that is often used for financial loan consideration.