

Background Checks 101: Vocab

This document is designed to help you understand the common terms used in the background check process as well as your rights under the Fair Credit Reporting Act (FCRA) when you are the subject of a background check.

Consumer- This is likely you. Under the FCRA, consumers are individuals who are the subject of a background check report, usually as part of an application process for credit, employment, housing, etc. Consumers are entitled to certain rights under the FCRA.

Consumer Report- Information compiled about an individual by a Consumer Reporting Agency for the purposes of determining the individual's eligibility for credit, employment, housing, etc. Common examples include background check and credit check reports.

Consumer Reporting Agency- Any individual or company that creates consumer reports for third parties (for example, employers, landlords, credit companies) in exchange for payment. Examples include companies like Checkr, TransUnion, Experion, etc.

Fair Credit Reporting Act (FCRA)- A federal law that protects consumers by promoting accuracy, fairness, and privacy in the creation of consumer reports.

Employment Purpose- Under the FCRA, a company or individual must have a legitimate reason for ordering a background check report on you (and they are required to get your permission before ordering a check). One of the most commonly used purposes is pre-employment screening, which includes screening of full-time employees, independent contractors, and volunteers.



Furnisher- Third-party companies that provide information (criminal records, financial information) to Consumer Reporting Agencies, like Checkr.

Adverse Action Process for employment purposes-

The formal denial process employers must use when they deny employment based on information contained in a background check report. Before denying employment, the company must provide a pre-adverse notice to the consumer, with a copy of the background check report, and a summary of the consumer's rights under the FCRA. The company must also provide the consumer with a reasonable opportunity to dispute the information contained in the report before taking final action.

Federal Trade Commission (FTC)/Consumer Financial Protection Bureau (CFPB)- These two federal agencies are charged with protecting consumer rights and share responsibilities for enforcing the FCRA. They provide guidance on best practices under the FCRA, and they can also bring enforcement actions to ensure compliance with the FCRA.

Equal Employment Opportunity Commission (EEOC)- The EEOC is a federal agency charged with enforcing Title VII of the Civil Rights Act (Title VII), which prohibits employment discrimination on the basis of race, gender, religion, etc. To help prevent against employment discrimination, the EEOC has issued guidance to promote fair hiring with regard to the consideration of criminal records.

Dispute- When a consumer believes that information contained in their consumer report is inaccurate or incomplete, they are entitled to dispute that information by notifying the employer or the Consumer Reporting Agency.

Reinvestigation- Once a Consumer Reporting Agency is notified of a consumer dispute, the Consumer Reporting Agency is required to conduct a reasonable reinvestigation to determine whether the reported information was accurate and complete. Methods of reinvestigation vary, but may include dispatching researchers to the source of disputed information to re-check the information. The reinvestigation process must be completed within 30 days, and the Consumer Reporting Agency must notify the consumer of the results of the investigation and provide the consumer with an updated report.

Expungement- When a record is removed from the public record permanently. The procedures for expungement vary by state, but usually requires that an individual request an expungement from the court. If the court agrees or approves the request, then the record is expunged from the public record. Expungement is different from a dismissal or a plea.

Dismissal- When a charge is dismissed, there has been no finding of guilt -- in other words, the individual is not guilty of the charge. *In some states, dismissed records are reportable on your background check report.

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