



# California employers must provide consumers with a notice identifying the specific basis for obtaining a credit report

Employers operating in California should ensure that they are complying with Sec. 1785.20.5 of California's Consumer Credit Reporting Agencies Act (CCRAA), which requires employers to provide a notice to the consumer identifying the specific basis for requesting a credit report. This requirement applies to any consumer credit report requested for "employment purposes," including those reports requested on independent contractors using the "employment" permissible purpose under the FCRA or CCRAA.

Specifically, [§ 1785.20.5\(a\)](#) states:

Prior to requesting a consumer credit report for employment purposes, the user of the report shall provide written notice to the person involved. The notice shall inform the person that a report will be used, and shall identify the specific basis under subdivision (a) of Section 1024.5 of the Labor Code for use of the report. The notice shall also inform the person of the source of the report, and shall contain a box that the person may check off to receive a copy of the credit report. If the consumer indicates that he or she wishes to receive a copy of the report, the user shall request that a copy be provided to the person when the user requests its copy from the credit reporting agency. The report to the user and to the subject person shall be provided contemporaneously and at no charge to the subject person.

Some of the uses permitted by [Section 1024.5\(a\)](#) include when the credit report is requested for: a managerial position; a position for which the information contained in the report is required by law to be disclosed or obtained; a position that involves regular access to bank or credit card account information, social security numbers, or dates of birth; a position that involves access to confidential or proprietary information; and a position that involves regular access to cash totaling ten thousand dollars (\$10,000) or more of the employer, a customer or client, during the workday.

In light of recent cases filed against California employers alleging violations of the aforementioned requirement (see *Pitre v. Wal-Mart Stores Inc.*, No. 8:17-cv-01281-DOC-DFM), employers operating in California would be well-advised to review their practices to ensure full compliance.