

VDSS Independent Living Program

CREDIT CHECKS FOR YOUTH IN FOSTER CARE GUIDEBOOK



Virginia Department of Social Services
Division of Family Services
Foster Care/Chafee Independent Living Program
5600 Cox Road
Glen Allen, Virginia 23060

E-mail Address: va.ilp@dss.virginia.gov

Credit Checks for Adolescent Youth in Foster Care

Identity theft is a national problem and is becoming more common among the foster care population. Children in foster care are at greater risk of becoming victims of identity theft due to the fact that a wide variety of individuals including parents, extended family members, social workers, foster parents and many others may have access to a foster child's social security number and other personal identifying information. In addition, children may not become aware that their information has been compromised until they become young adults. Older youth aging out of foster care may learn that they were the victims of identity theft for the first time when they apply for credit on their own.

The federal Preventing Sex Trafficking and Strengthening Families Act of 2014 and the Code of Virginia § 63.2-905.2 mandate free annual credit checks for youth ages 14-17 in foster care. These laws require states to provide copies of the credit reports to the youth, interpret the reports with them, resolve credit issues that turn up on their reports, and work with the credit bureaus to remove credit information from the reports. The Administration of Children and Families (ACF) requires that credit checks be conducted for each youth through the three nationwide Credit Reporting Agencies (CRAs): Equifax, Experian and TransUnion. More information on the credit check requirement for youth in foster care can be found at <https://www.fostercreditcheck.org/>.

The Virginia Department of Social Services (VDSS) conducts annual credit checks for youth in foster care to identify cases of identity theft and misuse of personal information, and provides the reports to the local departments of social services (LDSS). With these reports, the LDSS are then able to identify problems and provide assistance in correcting any identity theft or other fraudulent use by others of the youth's identity.

What is a Credit Report?

A credit report is a record of a person's credit activities. A credit report includes the following:

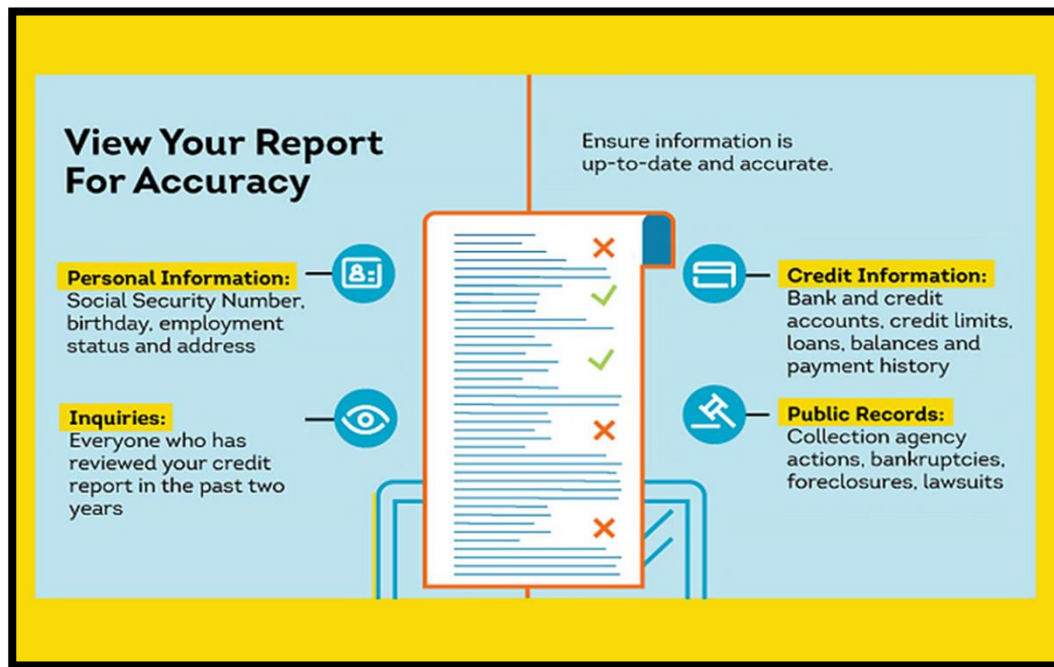
Identifying Information: The name (including nicknames and abbreviations), addresses (current and past), Social Security number, date of birth, and employment information used to identify an individual.

Credit Accounts: The type of accounts (credit card accounts, mortgages or home equity loans, and installment accounts, like car loans), the date the accounts were opened, any credit limits, loan amounts, account balances, and payment history. This includes the contact information for the holder of the account.

Credit Inquiries: When a person applies for credit or a loan, the lender may ask for a copy of the borrower's credit report. The credit inquiries section of a credit report will list lenders who have accessed a person's credit report within the last two years.

Public Records and Collections: Information including bankruptcies, foreclosures, lawsuits, wage garnishments, liens, and judgments from state and county courts, and overdue debts from collection agencies.

Positive Accounts and Negative Items: Positive information includes the payment of loans and other debts. Negative items include late payments and debt that was charged-off or sent to a collection agency. Account numbers and addresses for creditors are also listed.¹



2

The CRAs are private companies that sell the information in credit reports to creditors, insurers, employers and other businesses that use it to evaluate a person's applications for credit, insurance, employment, or renting a home. The CRAs offer two processes (i.e., manual and electronic) to pull youth credit reports. The CRAs also provide two types of credit reports: *consumer disclosure credit report* and *business division credit report*. The manual process requires authorized agency staff to mail in a request for a credit report on agency letterhead and includes a copy of the court order that establishes the agency's legal right to act on the youth's behalf. This credit report is called a consumer disclosure credit report and it is generally easy to read. The other type of report is called business division credit report and it is pulled electronically. The

¹ ACF-CB-PI-12-07 Credit Rights Final

² <https://www.transunion.com/annual-credit-report>

electronic process is faster, several requests can be batched at one time, and no physical copies of documentation are required. However, the business credit reports do not contain all available information. Because VDSS has signed service agreements with the CRAs, the state can use the batch process to run credit checks on many youth at one time. The LDSS will receive the business division credit reports on youth from VDSS via Virtru-encrypted email. For those youth with credit issues, the LDSS may need to use the manual process to request a consumer disclosure credit report from the CRAs in order to assist the youth to resolve these issues.

Should a Child or Youth in Foster Care have a Credit Report?

Short answer: No. Most children and youth do not have credit reports because minor children do not usually have the legal capacity to sign a contract or apply for credit on their own. If a credit report does exist for a person younger than 18 it may be due to error, fraud, or identity theft. The CRAs will not knowingly disclose credit report information for a minor, except to a parent, guardian or custodian of the child. Therefore, requesting a credit report for a youth in foster care should simply confirm that no such report exists. However, when a credit report does exist for a youth, it indicates that there is likely a need to correct information and take action to protect the identity and future creditworthiness of the youth. The common method used to obtain credit reports for adults, www.annualcreditreport.com, cannot be used to obtain the credit report of a minor child.²

What is Child Identity Theft?

Child identity theft happens when someone uses a minor's personal information to commit fraud. For example, a thief may steal and use a child's personal information to get a job, government benefits, medical care, utilities, car loans, or a mortgage.

Children and youth in foster care are particularly vulnerable to identity theft because their personal information, also known as personally identifiable information (PII), is often shared widely among various caretakers, service providers, and schools. The misuse of the child's identity may not be discovered until the youth exits the foster care system and applies for a cell phone, job, student loan, or apartment.

When a child or youth in foster care is a victim of identity theft, there may be a credit report associated with the youth, but it may contain errors in the identifying information, like the date of birth and/or address. This is because the thief may use the child's Social Security Number (SSN), but his own date of birth and/or address to receive credit or benefits under the youth's name.³

² ACF-CB-PI-12-07 Credit Rights Final

³ Ibid.

Accessing Credit Reports for Youth in Foster Care

Federal and state laws require Virginia to pull credit reports for adolescent youth (age 14 to 17 years) in foster care. Implementing the credit check mandate is a collaborative effort between VDSS and LDSS. VDSS serves as the “head designate” with administrative rights to the online systems, which permit the state to run batch reports for youth in the custody of the LDSS. However, in order to run the credit checks, LDSS must provide a release of information, signed by the director (or their designee) of the custodial agency, to VDSS for all youth in foster care ages 14 to 17. Although the CRAs have varied data submission requirements, all require the **youth’s first and last names, date of birth, address, and SSN**. It is important that this identifying information is entered correctly into OASIS since all of it is pulled directly from this system when running the credit checks. **VDSS is not legally permitted to conduct credit checks for children age 0 to 13, or for individuals 18+ years of age.**

Release of Information & Permission to Run Credit Checks for Minor Children in Foster Care

Before conducting a credit check for any individual youth in foster care, VDSS must obtain a signed credit check authorization form (sometimes termed a *credit check release form*; formally titled “Release of Information & Permission to Run Credit Checks for Minor Children in Foster Care” [032-25-0010-00-eng]). Credit check authorization forms are available on [Fusion](#).

Note that LDSS are **not** required to proactively track youth eligibility for annual credit checks, or to proactively provide signed credit check authorization forms to VDSS. Instead, VDSS will contact the LDSS via email if/when needed to request authorization forms. When a given youth requires a signed credit check authorization, VDSS will send a pre-filled form via Virtru-encrypted email for the LDSS Director or designee’s review and signature.

VDSS & LDSS Responsibilities

The responsibilities of VDSS and LDSS as well as procedures to resolve discrepancies on youth’s credit reports⁴ are outlined below:

VDSS’ Responsibilities:

For Adolescent Youth in Foster Care

- Obtain the youth’s name and identifying information through OASIS;
- Obtain a signed credit check authorization form from the LDSS with custody of the youth;
- Access the three CRAs’ online portals, and send the required youth’s PII to process credit reports electronically;

⁴ Adapted from Maryland Department of Social Services Administration Policy Directives SSA# 14-7

- Send the credit reports to the LDSS via Virtru-encrypted email once reports are received from the CRAs;
- Run the credit checks annually the month after the youth's birthday;
- Provide guidance to the LDSS about how to resolve credit issues when they exist; and,
- Follow-up with the LDSS within six months to inquire about the efforts taken to clear up fraudulent or inaccurate information on a youth's credit report.

LDSS' Responsibilities:

For Adolescent Youth in Foster Care

- When requested by VDSS, provide a signed credit check authorization form.
 - *Note:* LDSS are **not** required to proactively track youth eligibility for annual credit checks, or to proactively provide signed credit check authorization forms to VDSS. Instead, VDSS will contact the LDSS via email if/when needed to request authorization forms. When a given youth requires a signed authorization form, VDSS will send a pre-filled form for the LDSS designee's review and signature.
- Provide a copy of the credit report to the youth and discuss the results of the report, emphasizing the importance of credit in their lives. This conversation should be documented on the youth's Independent Living (IL) transition plan and in OASIS.
- If fraudulent credit history or credit error exists, the caseworker and the youth should file a dispute with the appropriate CRA(s) within 30 days of receiving the report. A copy of the youth's birth certificate or other documentation of age, such as a redacted court order, a letter of dispute requesting removal of all accounts, application inquiries, and collections notices from the credit report associated with the youth's name or personal information should be sent when filing the dispute. Documentation, including but not limited to the [Uniform Minor' Status Declaration](#) form, will be needed to verify that the youth is a minor in foster care and the agency is authorized to act on the youth's behalf;
- Ask the CRA its procedure for requesting a consumer disclosure report;
- Consider placing an *initial fraud alert* on the report if a consumer credit report was created for the youth as a result of identity theft. An initial fraud alert requires potential creditors to verify a person's identity before extending credit. To place an initial fraud alert, contact any one of the three CRAs;
- Document the steps taken to clear up the credit report in "Contact Notes" in OASIS, and on the Case Client/Collateral Contact Information Screen select "Annual Credit Check" option as appropriate; and
- Maintain a hard copy of the credit reports and letters of dispute in the youth's case file.

For Young Adults in Foster Care & Foster Care Alumni (age 18 to 21)

- Provide instruction to assist youth 18+ years of age with obtaining their credit report by accessing www.annualcreditreport.com. The youth will need access to a computer. The Fair Credit Reporting Act (FCRA) requires each nationwide CRA to provide adults with a free copy of their credit report once every 12 months. During the COVID-19 pandemic, the CRAs relaxed the once-per-year restriction such that individuals may now obtain copies of their credit reports once per week.

- Discuss the contents of the consumer credit report with the youth, emphasizing the importance of credit in their lives. Document the conversation on the youth's IL transition plan including if the youth refuses to obtain his/her consumer credit report and/or refuses to have credit issues corrected;
- Assist the youth in contacting the CRA to have the information corrected if fraudulent credit history exists or a credit error is discovered, and writing the letter to the CRA(s);
- Provide documentation if necessary to the CRA;
- Document the steps taken to assist the youth in clearing his/her credit report in "Contact Notes" in OASIS and on the Case Client/Collateral Contact Information Screen select "Annual Credit Check" option as appropriate; and
- Maintain a hard copy of the credit reports and letters of dispute in the youth's case file.

How to Read a Credit Report

When receiving credit reports, it is important to understand what the report is saying, how it affects the youth, and how to approach the problematic activity. All three CRAs have provided webpages with detailed information regarding how to read their reports. Provided below are the links to these webpages for your use as you seek to understand your youth's reports in the future.

- Transunion: <https://www.transunion.com/resources/transunion/doc/compliance-and-legislative-updates/HowToReadCreditReport.pdf>
- Experian: <https://www.experian.com/assets/consumer-information/product-sheets/credit-profile-report.pdf>
- Equifax: <http://www.700credit.com/wp-content/uploads/2018/03/Equifax-how-to-read-the-credit-report.pdf>

CRAs Contacts:

TransUnion	Experian	Equifax
fostercare@transunion.com 866-868-1996	experianfosteryouth@experian.com Dean Allen (972-390-5056) or dean.allen@experian.com Kerry King (972-390-3594) or kerry.king@experian.com	cfs@equifax.com dedicatedsupport@equifax.com Number for disputes: 866-349-5191 Kanesha Perry (800-874-5606)

Clearing a Youth's Credit Report: Guide and Checklist⁵

If the youth is a victim of identity theft or mistaken identity, take the following steps on the youth's behalf to prevent further harm. Each Credit Reporting Agency (CRA) has varying processes to handle requests for minors when there is an error on the report, so it will be necessary to be in communication with each to get more specific information. Below is a general outline of action steps. Keep a written record with the details of your efforts and copies of all correspondence.

Step 1: Upon receiving the report:

- a) Immediately contact the CRA to inform them that the information on the report is incorrect since the youth is a minor and did not open the account.
- b) Request that a fraud alert be placed on the report. (Fraud alert heightens credit issuer's awareness that they need to authenticate applications before issuing credit).

Step 2: Through certified mail, send each CRA:

- a) Documentation of child's age such as a court order or birth certificate that verifies identification of the youth (redacting any sensitive information),
- b) Information on the current address and former residences over the last five years,
- c) Credit report number on the business division credit report, and
- d) Documentation to verify that the youth is in foster care and that the LDSS is authorized to act on the youth's behalf, indicating which accounts do not belong to the youth, that the youth is a minor child, and that the account (s) listed be removed from the report as well as any application inquiries or collection notices.

Step 3: Call every company where an account was fraudulently opened or misused to:

- a) Inform them that the individual is a minor, that the account should be closed, and that any collections actions (if applicable) should be closed.
- b) Follow up in writing and request a letter stating that the company has closed the invalid accounts and discharged the fraudulent debts. This letter will enable the youth to dispute erroneous charges if the errors relating to the account reappear on his/her credit report in the future. Include police report and/or Identity Theft Affidavit.

⁵ Checklist adapted from Wisconsin Department of Children and Families:
<http://dcf.wisconsin.gov/forms/doc/439.doc>

c) Keep copies of all correspondence.

Step 4: File a police report (if applicable):

- a) Some legal remedies require filing a police report. In such cases, contact the local law enforcement to notify them that identity theft has occurred. The report is helpful in providing verification to companies that the individual was a victim of identity theft. It also allows for a credit freeze to be put on the account, protecting the youth against future fraudulent accounts being opened.
- b) File a copy of the police report in the youth's case file.

Step 5: File a report (Identity Theft Affidavit) with the Federal Trade Commission (FTC)

- a) Report can be found at www.ftc.gov/idtheft (under "What To Do Right Away").
- b) File a copy of the ID Theft Affidavit in the youth's case file.

Clearing credit reports may be a lengthy process and sometimes takes months, but the LDSS should resolve, to the greatest extent possible, cases of identity theft or misuse of youth's PII.

How to Dispute Errors and ID Theft to have the CRAs Remove a Youth's Credit Report

The CRAs provide the following guidance for disputing errors or possible ID theft:⁶

TransUnion	Experian	Equifax
<p>LDSS should contact TransUnion directly to dispute the matter.</p> <p>Send a copy of the credit report received from TransUnion along with a letter <i>on agency letterhead</i> indicating the disputed information. Send this information to:</p> <p style="text-align: center;">TransUnion Attn: Foster Care Youth Services PO Box 10 Woodlyn, PA 19094</p>	<p>LDSS can dispute with Experian and ask credit grantors/businesses to contact Experian directly to remove errors.</p> <p>Dispute letter (<i>on agency letterhead</i>) should include:</p> <ul style="list-style-type: none"> • Youth's identification information. • Agency contact information. • Copy of court order authorizing the agency to act on behalf of the youth. • Details of the disputed information. <p>Send disputes in writing to:</p> <p style="text-align: center;">Experian National Consumer Assistance Center PO Box 9701 Allen, TX 75013</p>	<p>LDSS should contact Equifax directly to dispute the matter.</p> <p>To dispute errors:</p> <ul style="list-style-type: none"> • Send an official letter of the dispute <i>on agency letterhead</i> outlining the specific items to be investigated along with the youth's credit file. • Provide a copy of the child's Birth Certificate. • Provide a copy of the child's Social Security card. • Provide a copy of court documents showing the agency has custody over the child. <p>To communicate disputes:</p> <ul style="list-style-type: none"> • Fax to: 770-740-4331 OR • Send a request by email to: Ursula.Ramirez@equifax.com OR • Mail to: Equifax Attn: Ursula Ramirez PO Box 105139 Atlanta, GA 30348

⁶ Table adapted from the document "Credit Reporting Agency Processing for Providing Foster Youth Credit Reports Electronically" January 2015, website: <http://childfocuspartners.com>

Sample Letter for a Minor

The LDSS can use the sample letter below to tell a CRA that a credit report exists for a youth in foster care and that the youth is **a minor** and should not have a credit report in his or her name. This letter tells a credit bureau that a caseworker has reviewed the youth's credit report with the youth and that the youth does not recognize any of the accounts on the credit report as being his/hers. Therefore, the child is disputing all items on the credit report.⁷

[Your name]

[Your title and relationship to the youth, such as Caseworker for [youth's name]]

[Name of Child Welfare Agency]

[Your return
address] [Date]

[Credit Reporting Agency
name]

[Credit Reporting Agency
address]

Re: [Youth's Name], Minor Youth Credit Report Error

Dear [Name of credit bureau contact],

We are writing to dispute [name of youth]'s credit report. A credit report was requested for [name of youth] on [date] by [name of caseworker or administrator who pulled the report]. [Name of caseworker or administrator who pulled the report] is employed by [Child Welfare Agency name and county/state], the government agency that has legal custody of the youth. [Name of youth] is a minor residing in [State name] and should have no credit report in [his] [her] name. We are writing to dispute all transactions on [name of youth]'s credit report.

The disputed information on the credit report includes the following:

[Brief summary of what is listed on the credit report that should not be there. Example: [Name of youth]'s credit report lists that there is a mortgage of \$250,000 in his name. The mortgage was taken out in 1979; [name of youth] was born in 1997.]

Attached to this letter is the [Uniform Minor's Status Declaration](#) form, which includes [name of youth]'s identifying information, a copy of court documents indicating [name of youth]'s status as a youth in foster care issued by the court of [court name], and a certified copy of [name of youth]'s birth certificate.

Thank you for your
assistance. Sincerely,

[Your name]

⁷Consumer Financial Protection Bureau, "Protecting Foster Youth from Identity Theft," May 1, 2014, website: <http://www.consumerfinance.gov/empowerment>

Sample Letter for a Young Adult

The LDSS can use the sample letter below to assist a youth who is **18 or older** in telling a CRA that there was inaccurate information on his/her credit report when he/she was a minor in foster care and had accounts opened under his/her name. This letter tells the credit bureau that a caseworker has reviewed the credit report with the youth, has found an error on the credit report, and would like to dispute the activity.⁸

[Name of Child Welfare Agency]
[Your return address]
[Date]

[Credit Bureau Name]
[Credit Bureau Address]

Re: [Youth's Name, Credit Report Error]

Dear [Name of Credit Bureau Contact],

I am writing to dispute my credit report. I was in foster care and residing in [State name] when an account was opened under my name. During this time, I was under the custody of [child welfare agency name]. After running my report with the help of my caseworker, [name of caseworker], we have determined that there is an error that was made on my report and we are writing to dispute this error.

Below is my personal information:

[Name]
[Date of Birth]
[Social Security Number]
[Any other personal identifying information used to run a search for the credit report]

The disputed information on the credit report is the following:

[Brief summary of what is listed on the credit report that should not be there. Example: My credit report lists that there is a mortgage of \$250,000 in my name. The mortgage was taken out in 2000. I was born in 1994, and therefore was a minor when the transaction occurred.] We are requesting that the item(s) be deleted, as required by section 611 of the Fair Credit Reporting Act, 15 U.S.C. §1681i.

Attached to this letter is a copy of court documents indicating my status as a youth in foster care issued by the court of [court name] and a certified copy of my birth certificate.

Thank you for your

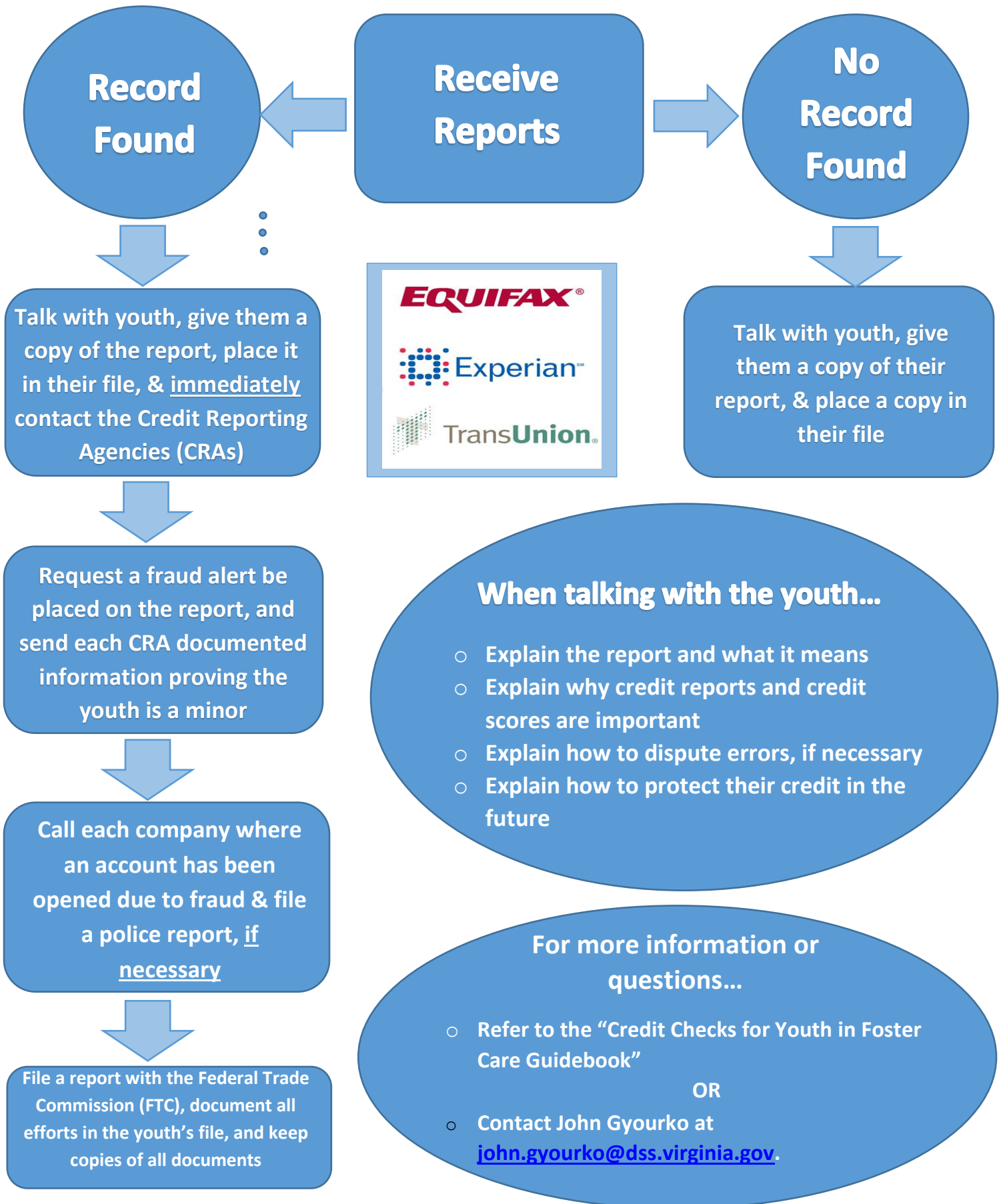
assistance.

Sincerely,

[Your name]

⁸ Consumer Financial Protection Bureau, "Protecting Foster Youth from Identity Theft," May 1, 2014, website: <http://www.consumerfinance.gov/empowerment>

What to Do After Receiving Credit Reports from VDSS



Record Found

Receive Reports

No Record Found

Talk with youth, give them a copy of the report, place it in their file, & immediately contact the Credit Reporting Agencies (CRAs)



Talk with youth, give them a copy of their report, & place a copy in their file

Request a fraud alert be placed on the report, and send each CRA documented information proving the youth is a minor

When talking with the youth...

- Explain the report and what it means
- Explain why credit reports and credit scores are important
- Explain how to dispute errors, if necessary
- Explain how to protect their credit in the future

Call each company where an account has been opened due to fraud & file a police report, if necessary

For more information or questions...

- Refer to the "Credit Checks for Youth in Foster Care Guidebook"
- OR
- Contact John Gyourko at john.gyourko@dss.virginia.gov.

File a report with the Federal Trade Commission (FTC), document all efforts in the youth's file, and keep copies of all documents

Additional Resources

Child Welfare Credit Remediation Action Packet:

<https://dcf.wisconsin.gov/files/forms/doc/439.docx>

Credit Builders and Child Focus:

<http://creditbuildersalliance.org/whats-new/hot-topics/supporting-youth-foster-care-setting-stage-lifetime-good-credit>

Consumer Financial Protection Bureau

<http://www.consumerfinance.gov/empowerment>

Federal Trade Commission:

www.ftc.gov/idtheft

identitytheft.gov

Jim Casey Initiative:

<http://www.aecf.org/resources/building-financial-capability-for-youth-transitioning-from-foster-care/>

National Crime Prevention Council (focus is on young people ages 18-24):

<http://archive.ncpc.org/programs/living-safer-being-smarter/financial-safety/credit-cards.html>