



## How to use Credit Reports in your Background Screening Process

Employment Credit Reports are useful tools when attempting to determine the level of an individual's responsibility and trustworthiness. It is widely known that banks use credit reports to decide whether or not an applicant will be granted a loan, but did you also know that credit reports may be used by employers when evaluating if a job applicant is properly suited for the position they intend to fill?

Contrary to popular belief, the types of credit reports used by financial institutions are different than those used for employment. Employers can request what is called a "PEER" or Pre-Employment Evaluation Report. These PEER credit reports are unique from traditional credit reports in the fact that they do not include a score.



### What type of information is available within a PEER credit report?

Pertinent and often sensitive financial information, such as:

- Account status with current and past creditors
- Bankruptcies
- Tax liens
- Civil judgments



## For whom should I request PEER credit reports?

Generally, it is common to check the credit of any employee with access to financial information or company funds.

Such positions may include:

- Bank Tellers
- Financial Advisors
- Inventory Managers
- Sales Executives
- Mid to Upper level management



## How can I begin requesting PEER credit reports?

Due to the sensitive nature of the information contained within a PEER credit report, the credit bureau that furnishes the information requires additional vetting of the requestor beyond that which is necessary to set up an account with Backgrounds Online.

These extra steps are purely precautionary to ensure the end user is a legitimate business and has a permissible purpose to perform credit checks (rather than an identity thief pretending to be an employer in order to steal people's personal information).

Requirements for credit report access:

- Complete a Credit Report Application requesting access to credit reports from Backgrounds Online.
- Complete a Verification Checklist to be utilized by the credit bureau to verify the legitimacy of the business requesting access to credit reports.
- Allow Backgrounds Online (or our third party partner) to perform an on-site inspection of the facility in which credit reports will be requested and/or housed.

The on-site inspection is non-invasive and only needs to be completed once, unless you change locations. We even provide a "cheat sheet" copy of the on-site inspection checklist for you to review prior to the visit.



## What additional requirements apply when requesting a PEER credit report?

Before any background check is performed, the subject of the report must first give authorization by signing a release form. Typically, Backgrounds Online does not require a copy of the authorization be provided to us during checkout. Credit reports are a special case, however, and before we can fulfil any order for credit information, we must first have a copy of the signed release on file. Releases can be uploaded online during checkout, via the Report Manager or sent to our office via fax or email.



## Are there state regulations pertaining to the use of PEER credit reports?

Many states impose their own rules and limitations on the use of credit reports for employment purposes. For example, California has a special release form specifically for credit reports. This release, along with other vital documents and forms, can be found in your Backgrounds Online Resource Center.

Some examples of state-specific restrictions include:

- The applicant or employee must hold a managerial position
- The applicant or employee must have an expense account
- The applicant or employee must have access to trade secrets
- The applicant or employee must be employed with a financial institution

States that enforce rules regarding credit report use include, but may not be limited to - California, Colorado, Connecticut, Hawaii, Illinois, Maryland, Nevada, Oregon, Vermont, and Washington. Always be sure to review and stay up to date on all applicable federal, state, and local laws pertaining to credit reports and other background screening practices.