

## A CFPB Study On Background Screening

The Consumer Financial Protection Bureau (CFPB) is a government agency that “regulates the offering and provision of consumer financial products or services” and “educates and empowers consumers to make better informed financial decisions.” They conducted a study on criminal background checks for employment and released their results this October.



### Most Employers Run Background Checks

The CFPB report confirmed what we already knew – the vast majority of employers rely on background checks to help evaluate applicants and employees. A background check can show if the subject has a criminal record that might make them ineligible for hire. It can also provide details about the person’s employment history, education and important information from court documents.

Their study further revealed that most employers have Consumer Reporting Agencies (CRAs) produce background checks on their behalf. CRAs must follow the Fair Credit Reporting Act (FCRA), a federal law that is enforced by the Federal Trade Commission (FTC) and CFPB, as well as various state and local laws.



### The Process Of Creating A Background Check

Within their report, the CFPB explains that CRAs obtain county criminal records directly from courthouses. Backgrounds Online utilizes a team of internal and external personnel who go to county courts so they can access and retrieve up-to-date information. This ensures our clients have reportable data when making critical decisions about hiring, employee retention and promotions.

Background checks begin with identity verification. A full name, Social Security Number and other unique data points are used to verify the subject of the background investigation. This shows CRAs where to search for criminal records and helps confirm the background report will only contain information about the correct individual.



## Background Screening Challenges

There are various challenges that arise while preparing background checks. The CFPB recognized several in their report, including:

- **Not all criminal records are reportable.** Some may be outdated, expunged or otherwise sealed. When this happens, the records are treated as if they never existed. Backgrounds Online leverages technology and people to review, match and filter results of criminal court searches. Our team takes the necessary steps to accurately report data on your applicant.

- **Most consumers don't know what's in their background check.** In some cases, a consumer's report may have inaccurate information. This is rare, but can occur if someone was the victim of identity theft or has a name, date of birth and other data in common with another individual. By using Backgrounds Online's Applicant Self Submittal flow, your applicant can request a complimentary copy of their report. They simply check a box while securely submitting the details we need and then we provide a copy of their completed background check.

- **Improperly run background checks are often inaccurate.** Some employers don't use a CRA and rely on public records websites when attempting to screen their candidates. Because online public record repositories are not governed by the FCRA, their data may include outdated or incorrect information that should not be used for employment purposes. By partnering with an accredited CRA like Backgrounds Online, you can be confident that you're reviewing current data from credible sources.



## The Future Of Background Screening

As the CFPB report confirms, background screening is an essential part of the hiring and ongoing employment process. Employers use background checks to confirm eligibility and conduct due diligence. This helps them protect employees, customers and the public.

Not running background checks can put your organization at risk for lawsuits, negative publicity and other repercussions. Using an accredited CRA and maintaining fair, consistent screening policies demonstrates you are taking reasonable steps to fulfill industry requirements, establish safety protocols and build reliable teams.

Backgrounds Online maintains strict procedures to ensure our background checks are accurate, complete and can be used to help make business decisions. Our processing team earns their FCRA certification and keeps up with laws that affect background screening.

Anytime you need background checks, please contact us. We're here Monday through Friday from 5am to 6pm PT to provide professional service and assistance.