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(Original Signature of Member)

118TH CONGRESS
2D SESSION

H. R. _____

To amend the Credit Repair Organizations Act to add additional protections against harmful practices within the credit repair organization industry, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. NICKEL introduced the following bill; which was referred to the Committee on _____

A BILL

To amend the Credit Repair Organizations Act to add additional protections against harmful practices within the credit repair organization industry, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Ending Scam Credit
5 Repair Act” or the “ESCRA Act”.

1 **SEC. 2. CREDIT REPAIR ORGANIZATION DEFINITION.**

2 Section 403(3) of the Credit Repair Organizations
3 Act (15 U.S.C. 1679a(3))—

4 (1) in subparagraph (A), by inserting “(not in-
5 cluding anything received in return for representing
6 a consumer in preparation for or during litigation)”
7 after “consideration”; and

8 (2) in subparagraph (B)—

9 (A) by inserting “an entity or individual
10 that is, in good faith and not for the purpose
11 of evading this title” after “include”;

12 (B) in clause (ii), by striking “or”;

13 (C) in clause (iii), by striking the period
14 and inserting “; or”; and

15 (D) by adding at the end the following:

16 “(iv) any attorney that provides legal
17 services rendered or to be rendered to a
18 consumer in contemplation of or in connec-
19 tion with a case filed, or to be filed within
20 12 months, under title 11 or title 15,
21 United States Code, by an attorney within
22 the same law firm.”.

23 **SEC. 3. PROHIBITED PRACTICES.**

24 (a) UNTRUE OR MISLEADING STATEMENTS.—

1 (1) IN GENERAL.—Section 404(a)(1) of the
2 Credit Repair Organizations Act (15 U.S.C.
3 1679b(a)(1)) is amended—

4 (A) by inserting “knowingly” before “make
5 any statement, or”;

6 (B) in subparagraph (A), by striking “or”;
7 and

8 (C) by adding at the end the following:

9 “(C) the Bureau of Consumer Financial
10 Protection directly or through an online portal
11 established to receive complaints, disputes, or
12 reports of fraud;

13 “(D) the Federal Trade Commission di-
14 rectly or through an online portal established to
15 receive complaints, disputes, or reports of
16 fraud; or

17 “(E) any Federal, State, local, or Tribal
18 law enforcement agency, directly or through an
19 online portal established to receive complaints,
20 disputes, or reports of fraud;”.

21 (2) FINDING.—The Congress finds that it is al-
22 ready unlawful to make materially false, fictitious, or
23 fraudulent statements or representations to the Bu-
24 reau of Consumer Financial Protection.

1 (b) ADDITIONAL PROHIBITED PRACTICES.—Section
2 404 of the Credit Repair Organizations Act (15 U.S.C.
3 1679b) is amended—

4 (1) in subsection (a)(2)—

5 (A) in subparagraph (B)(ii), by inserting
6 “or” after “credit;”; and

7 (B) by adding at the end the following:

8 “(C) the Bureau of Consumer Financial
9 Protection or the Federal Trade Commission;”;

10 (2) by amending subsection (b) to read as fol-
11 lows:

12 “(b) PAYMENT IN ADVANCE.—

13 “(1) IN GENERAL.—No credit repair organiza-
14 tion may request or receive payment of any fee or
15 consideration from a consumer for services rep-
16 resented to remove derogatory or inaccurate infor-
17 mation from, or improve, such consumer’s credit his-
18 tory, credit record, or credit rating, or services re-
19 lated to such a representation, until the credit repair
20 organization has provided such consumer with docu-
21 mentation in the form of a consumer report, issued
22 not less than 6 months after such service, from a
23 consumer reporting agency that demonstrates that
24 such representation has been achieved.

1 “(2) RULE OF CONSTRUCTION.—Nothing in
2 this subsection shall be construed to alter the per-
3 missible purposes of furnishing a consumer report
4 described in section 604 of the Fair Credit Report-
5 ing Act.”; and

6 (3) by adding at the end the following:

7 “(c) JAMMING.—A credit repair organization may not
8 submit multiple disputes described in section 611 of the
9 Fair Credit Reporting Act of the same information unless
10 all of the following are true:

11 “(1) The consumer reporting agency or data
12 furnisher has had the time permitted under the Fair
13 Credit Reporting Act to conduct a reasonable inves-
14 tigation on the prior dispute.

15 “(2) The consumer reporting agency or data
16 furnisher has returned the results of its investigation
17 to the consumer with respect to such dispute, unless
18 there are material changes to the information sub-
19 mitted with the dispute.

20 “(3) The credit repair organization includes
21 with the resubmitted dispute a specific description of
22 what information is inaccurate.”.

23 **SEC. 4. DISCLOSURES.**

24 Section 405 of the Credit Repair Organizations Act
25 (15 U.S.C. 1679c) is amended—

1 (1) in subsection (a)—

2 (A) by striking “due to fraud.” and insert-
3 ing “due to fraud. Credit repair organizations
4 do not provide any services that you cannot do
5 yourself for free.”;

6 (B) by striking “regulates” and inserting
7 “and the Bureau of Consumer Financial Pro-
8 tection regulate”; and

9 (C) by inserting “The Bureau of Consumer
10 Financial Protection 1700 G St NW Wash-
11 ington, DC 20552 Tel: 855-411-2372 TTY/
12 TTD: 855-729-2372” after “20580”; and

13 (2) in subsection (c)—

14 (A) in paragraph (1), by striking the pe-
15 riod at the end and inserting “and any record-
16 ings of telephone communications with the con-
17 sumer.”; and

18 (B) in paragraph (2)—

19 (i) by striking “2” in the heading and
20 inserting “5”;

21 (ii) by inserting “and any telephone
22 recordings with the consumer” after “con-
23 sumer’s statement”;

24 (iii) by striking “2” and inserting
25 “5”; and

1 (iv) by striking “statement is signed
2 by the consumer” and inserting “statement
3 or the telephone recordings are created”.

4 **SEC. 5. CONSUMER CONTRACT REQUIRED.**

5 (a) IN GENERAL.—Section 407(c) of the Credit Re-
6 pair Organizations Act (15 U.S.C. 1679e(c)) is amended
7 by adding at the end the following:

8 “(3) copies of all communications sent on be-
9 half of the consumer, at the time the communication
10 is sent.”.

11 (b) TECHNICAL AMENDMENT.—Section 407(c) of the
12 Credit Repair Organizations Act (15 U.S.C. 1679e(c)) is
13 amended—

14 (1) by striking “at the time the contract or the
15 other document is signed.”;

16 (2) in paragraph (1), by striking “; and” insert-
17 ing “, at the time the contract or the other docu-
18 ment is signed;”; and

19 (3) in paragraph (2), by adding at the end “at
20 the time the contract or the other document is
21 signed; and”.

22 **SEC. 6. NONCOMPLIANCE.**

23 Section 408 of the Credit Repair Organizations Act
24 (15 U.S.C. 1679f) is amended by adding at the end fol-
25 lowing:

1 “(d) **LEGAL SERVICES WITHIN CREDIT REPAIR OR-**
2 **GANIZATIONS.**—A credit repair organization shall be sub-
3 ject to this title regardless of whether the organization is,
4 or employs, an attorney who also provides legal services
5 to a consumer, except if such attorney is an attorney de-
6 scribed in section 403(3)(B)(iv).

7 “(e) **CREDIT REPAIR ORGANIZATIONS WITHOUT A**
8 **STATE LICENSE.**—On or after January 1, 2026, no per-
9 son may act as a credit repair organization unless such
10 person is licensed by a State.”.

11 **SEC. 7. CREDIT REPAIR ORGANIZATION COMMUNICATIONS**
12 **WITH FURNISHERS OF INFORMATION.**

13 (a) **IN GENERAL.**—The Credit Repair Organizations
14 Act (15 U.S.C. 1679 et seq.) is amended by inserting after
15 section 408 the following new section:

16 **“§ 408A. Credit repair organization communications**
17 **with furnishers of information**

18 “Disputes submitted to a person who furnishes infor-
19 mation to a consumer reporting agency by or on behalf
20 of a credit repair organization shall meet the following re-
21 quirements:

22 “(1) If sent by mail, the dispute shall be trans-
23 mitted by first class mail and list on the envelope
24 the—

1 “(A) name of the credit repair organiza-
2 tion; and

3 “(B) State license number of the credit re-
4 pair organization, if applicable.

5 “(2) The dispute shall list the—

6 “(A) name of the credit repair organiza-
7 tion;

8 “(B) State license number of the credit re-
9 pair organization, if applicable; and

10 “(C) name of the consumer on whose be-
11 half the dispute is submitted.

12 “(3) In the case of any additional communica-
13 tion after an initial dispute, the additional commu-
14 nication shall clearly and conspicuously identify any
15 material changes to the information provided in the
16 initial written dispute and include the information
17 described in paragraphs (1) and (2).

18 “(4) In the case where a credit repair organiza-
19 tion sells or otherwise provides an online or paper
20 blank dispute form to be completed and filed by the
21 consumer, such form must contain the—

22 “(A) name and address of such credit re-
23 pair organization; and

24 “(B) State license number of such credit
25 repair organization, if applicable.

1 “(5) In the case where the person responds to
2 a dispute submitted by a credit repair organization
3 seeking clarifying information, verifying if the cus-
4 tomer has actually engaged with the credit repair or-
5 ganization, or denying the accuracy of the under-
6 lying claim, the credit repair organization shall re-
7 spond in writing within 15 business days.

8 “(6) In the case where the credit repair organi-
9 zation is an attorney, the attorney shall certify that
10 any communication is consistent with any informa-
11 tion or documentation provided by the consumer,
12 confirmed based upon methods or means proven to
13 be historically reliable and accurate.

14 “(7) A credit repair organization, when sending
15 a dispute, shall disclose the fact that it is a credit
16 repair organization by placing the following disclo-
17 sure on the dispute letter: ‘This communication was
18 submitted or prepared on behalf of the consumer by
19 a credit repair organization, as defined in section
20 403 of the Credit Repair Organizations Act (15
21 U.S.C. 1679a).’”.

22 (b) CLERICAL AMENDMENT.—The table of contents
23 for the Credit Repair Organizations Act is amended by
24 inserting after the item relating to section 408 the fol-
25 lowing:

“408A. Credit repair organization communications with furnishers of information.”.

1 **SEC. 8. CIVIL LIABILITY.**

2 Section 409(a)(1) of the Credit Repair Organizations
3 Act (15 U.S.C. 1679g(a)(1)) is amended—

4 (1) by striking “ACTUAL DAMAGES” and insert-
5 ing “DAMAGES”;

6 (2) in subparagraph (A), by striking “or”;

7 (3) in subparagraph (B), by striking the period
8 at the end and inserting “; or”; and

9 (4) by adding at the end the following:

10 “(C) the amount of \$500 in damages for
11 each violation of this title.”.