

March 13, 2025

The Honorable Mike Rounds
United States Senate
716 Hart Senate Office Building
Washington, DC 20510

The Honorable Ralph Norman
United States House of Representatives
569 Cannon House Office Building
Washington, DC 20515

Re: A Joint Resolution Providing for Congressional Disapproval Under Chapter 8 of Title 5, United States Code, of the Rule Submitted by the Bureau of Consumer Financial Protection Relating to "Prohibition on Creditors and Consumer Reporting Agencies Concerning Medical Information (Regulation V)"

Dear Senator Rounds and Representative Norman:

On behalf of the American Bankers Association (ABA),¹ I am writing to express support for S.J. Res. 36/H.J. Res. 74, the resolution to disapproval of the Consumer Financial Protection Bureau's (CFPB) rule prohibiting medical debt information from being reported or used by creditors.² The CFPB's final rule, which will remove information about approximately \$49 billion in medical collections from the credit reporting system, will increase credit risk and reduce credit availability. Fundamentally, the less information creditors have regarding a consumer's existing debt obligations and repayment history, the less they can account for credit risk and the consumer's ability to repay.

Although the Fair Credit Reporting Act (FCRA) restricts the use of certain types of consumer medical information, Congress also recognized that creditors have "legitimate operational, transactional, risk, consumer, and other needs"³ to consider medical information. Regulators, likewise, recognized lenders' legitimate need to have a complete picture of a consumer's financial position when making risk-based lending decisions and they exercised the rulemaking authority Congress provided to ensure creditors could consider medical debt.

The CFPB's final rule, however, disregards creditors' legitimate needs for medical debt information and the effect suppressing this information would have on banks' lending risk, consumers' default risk, and the availability of credit.

¹ The ABA is the voice of the nation's \$24.1 trillion banking industry, which is composed of small, regional and large banks that together employ approximately 2.1 million people, safeguard \$19.2 trillion in deposits and extend \$12.7 trillion in loans.

² CFPB, *Prohibition on Creditors and Consumer Reporting Agencies Concerning Medical Information (Regulation V)*, 90 Fed. Reg. 3276 (Jan. 27, 2025).

³ FCRA § 604, 15 USC § 1681b(g)(5)(A).

Banks wish to avoid issuing loans consumers cannot repay—doing so has negative implications for the customer and the bank. To ensure loans can be repaid and are priced according to risk, banks must have complete information about an applicant’s assets and liabilities. This includes repayment obligations arising from medical debt. If the consumer is already unable to pay a large debt burden, they are less likely to be able repay an additional loan and may even be at risk of declaring bankruptcy before the new loan is repaid. The CFPB itself declared in a 2022 report that “[m]edical debt can increase the likelihood that an individual will file for bankruptcy, especially for individuals who incur very large medical debts.”⁴ If lenders are not able to consider medical debts in credit underwriting, consumer delinquencies and defaults will increase, impacting banks’ risk levels, and ultimately consumers’ credit access.

This, in turn, would reduce consumer access to credit. If lenders know that credit scores have increased, but believe that risk has not decreased, they will be forced to offset the hidden risk by further tightening lending standards, decreasing the amount they lend, or increasing loan pricing. In short, the rule would make fewer people eligible for credit, not more.

While the CFPB’s rule was not supported by reliable evidence, what little evidence the CFPB cited in fact shows that medical debt has predictive value.⁵ The CFPB relied exclusively on data reflecting consumer experiences before and during the COVID 19 pandemic, which are not reflective of the current consumer credit market. Moreover, the rule relies heavily on an outdated 2014 study, which did *not* conclude that medical debt is not predictive of credit risk, only that certain narrow categories of medical debt were less predictive of risk than other types of debt. And, to the extent information about certain types of medical debt may be less predictive than nonmedical debt, market participants have already adjusted how they consider medical debt, including limiting the types of medical debts that can be reported and changing the weight certain types of medical debt are given in various credit score models.

In short, prohibiting consideration of medical debt in credit underwriting would reduce lenders’ ability to understand consumers’ credit risk and ability to repay. As a result, it is likely to cause significant adverse consequences to banks and consumers, including causing tightened credit standards. We urge Congress to support the Joint Resolution of Disapproval and overturn the CFPB’s Medical Debt Rule.

Sincerely,



⁴ CFPB, *Medical Debt Burden in the United States* at 29-30 (Feb. 2022), https://files.consumerfinance.gov/f/documents/cfpb_medical-debt-burden-in-the-united-states_report_2022-03.pdf.

⁵ The rule relies heavily on an (outdated) 2014 study that does not in fact support the proposal to suppress medical debt – it found only that certain types of medical debt were less predictive of risk, *not* that they were non-predictive.