By Julie Desmond
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Reader Joe G. asks, “Is it really legal to not hire someone because of bad credit? I just heard I am not getting jobs because of my credit history.”

The short answer, Joe, is yes, it is legal to decline to hire someone because of their credit situation. That said, employers who do make hiring decisions based on credit information are required by law to follow procedures so a candidate is aware of how the decision was made, and to ensure that the information obtained is not used for any purpose other than for hiring and promotion decisions.

Under the Fair Credit Reporting Act (FCRA), employers cannot run a credit check without an applicant’s written consent. Once signed, that consent form allows an employer to request credit reports in the future for promotion and retention decisions. They only have to ask you once for your permission to obtain credit information.

If a credit report has any influence, even if it is not the primary weight used to make a hiring or promotion decision, the company is required by FCRA to promptly provide a copy of the credit report and inform the applicant of his or her right to challenge the report.

Many candidates successfully challenge the information in a credit report and go on to get hired. Review your report carefully. It is not uncommon to find errors, particularly if you have a common name. In cases where credit problems result from stolen identity, be prepared to explain the situation and support your story with documentation. Remember that, until hired, every conversation is part job interview. If you handle your challenge professionally and calmly, you will make a positive impression on your managers. If you become irate or annoying, it will only solidify the decision someone has already made about whether you belong on the team.

Applicant credit checks are on the rise just as America’s credit is collectively riding a steep downward slope. Candidates who feel discouraged should realize two things: you are not the only one in your situation and not every company does background checks. Work hard to get

your credit back on track, and remember that getting a job will help. In other words, keep trying.

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