



Privacy Commissioner  
Te Mana Matapono Matatapu

**SPOT CHECKS ON CREDIT REPORTER  
COMPLIANCE WITH ACCESS REQUIREMENTS:  
METHODOLOGY REPORT  
June – October 2015**



*Photo credit: Nell Conwell on research*

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## SPOT CHECKS ON CREDIT REPORTER COMPLIANCE WITH ACCESS REQUIREMENTS: METHODOLOGY REPORT

This report sets out the methodology used by the Office of the Privacy Commissioner (OPC) to conduct spot checks on the three national consumer credit reporters. This report is to be read in conjunction with the report on spot checks on credit reporter compliance with access requirements.

OPC pioneered a methodology to conduct spot checks on credit reporter compliance with access requirements. The methodology includes when, how and from whom the data was collected for conducting spot checks on the three national consumer credit reporters. This spot check only focussed on access procedural requirements. The findings of the spot checks are in a separate report.

This report include:

- Description of the methodology
- Appendix A: Company selection criteria
- Appendix B: Information sheet
- Appendix C: Questionnaire
- Appendix D: Ethical policy

### METHODOLOGY

The spot check was conducted by a 'mystery shopping' type process. Mystery shopper or secret shopper is a research technique used widely by retailers, market research organisations, regulators etc., to measure quality and service standards or test compliance.

#### Overall approach

OPC created a selection criteria to identify a suitable company to carry out the spot check. Three companies were identified and weighted against three factors – capability to perform, prior experience and price. The relevant extract of the company selection criteria is appended at **Appendix A**.

OPC through a contractor engaged 30 people to participate in spot checks. The selected contractor recruited 30 people but only 29 people completed spot checks. 1 person did not return the questionnaire.

Spot checks were conducted during June – October 2015. The 29 people represented an age group of 18 – 65 years as the spot check required credit active adults.

The 29 people were given an information sheet which described access requirements set out under the Credit Reporting Privacy Code 2004 (the Code), guidance on how inaccurate information on credit report could be corrected and relevant contact information of the three national consumer credit reporters. The information sheet is appended at **Appendix B**.

The spot check included 29 people requesting their credit reports using online and offline channels from each of the three national consumer credit reporters. After receiving credit reports people were asked to fill out a questionnaire. As a part of the spot check the 29 people sent their de-identified credit reports and anonymised complete questionnaires to OPC.

29 people approximately made 87 access requests from the three national consumer credit reporters.

OPC arranged the spot check so that it was not given information relevant to taking any individualised complaint or direct enforcement action. Results of the spot checks were based on complete questionnaires.

### Questionnaire

The questionnaire was designed by OPC and included questions such as were you informed of your right of access to a free credit report? In how many working days did you receive your credit report etc. The questionnaire is appended at **Appendix C**.

### Data collection

The data collected via complete questionnaires was only used to measure compliance with access requirements.

The data from complete questionnaires was tabulated for analysis and verified by OPC staff.

De-identified credit reports revealed a case where non-authorised information was included in a credit report. In another case, the credit report revealed non-compliance with obligations to explain coded information. The credit reporter concerned arranged to remedy the non-compliance promptly.

### Content of spot checks

The spot check was designed to test whether the three national consumer credit reporters were meeting their access requirements under the Code. More details on what included the spot check are available in the report on credit reporter compliance with access requirements.

### Ethical issues

OPC designed an ethical policy to address ethical issues that may arise due to spot checks. The ethical policy is appended at **Appendix D**.

### Publication

The report on spot checks on credit reporter compliance with access requirements was shared with the three national consumer credit reporters before publication. However the names of the competing companies were obscured in the report shared with the credit reporters.

## Mystery Consumer - Company Selection Criteria

Companies will be judged on the following factors:

Factors		Weighting
<b>1. Capability to perform</b>	<p>Whether the company has the resources and infrastructure to carry out the exercise? Can the company deliver according to OPC time lines?</p> <p>Whether the company will evaluate the results in the way as desired by OPC?</p>	50
<b>2. Prior experience</b>	<p>Whether the company has previous experience in conducting mystery shopping?</p> <p>Does the company conduct mystery shopping in the public sector?</p> <p>Does the company have any experience on conducting a mystery shopping exercise for any regulator? Did the company/regulatory make the findings of the mystery shopping exercise public?</p> <p>If yes, how long ago? Has the company conducted another mystery shopping exercise for that regulator?</p>	20
<b>3. Price</b>	<p><i>An indicative cost of 4000 – 5000 was given by one company for a sample size of 40 people.</i></p> <p>What is the price quoted by the company for the project?</p> <p>Does the price fall within the abovementioned bracket?</p> <p>If not, what are factors that influence a price rise?</p>	30



## Credit Reporting Privacy Code 2004

### Compliance check of Credit Reporters

### Information Sheet

This information sheet is intended to assist individuals appointed by [REDACTED] to carry out a compliance check of credit reporters.

#### Summary

The project is to check if the three credit reporters i.e., Centrix, Dun & Bradstreet and Veda are complying with certain aspects of the Credit Reporting Privacy Code 2004 (the code). The code is a sector specific code regulating credit information.

#### What to check?

The individual has to check if the credit reporter is in compliance with the rule on access to credit information (rule 6 of the code) and the charging clause (clause 7 of the code).

#### Access to credit information

The rule on access to credit information means that if a credit reporter holds credit information of an individual and is readily available then the individual has a right to access their credit information. To access their credit information the individual can make a request to the credit reporter.

There are two types of access requests – standard (delayed) access and immediate access. Standard (delayed) access request is free of charge and the credit reporter has to provide the individual with the credit information it holds within 20 working days. An immediate access request is wherein an individual wants immediate access to their credit information then the credit reporter can make a reasonable charge to the limit of \$10 and the credit information is provided within 5 working days.

#### Charging

When an individual wants immediate access to their credit information then the credit reporter can make a reasonable charge to the limit of \$10.

### **How to check?**

The individual has to request for their credit information from the credit reporter, while doing so the individual will have to supply the credit reporter with the following personal details including but not limited to:

1. Full Name
2. Date of birth
3. Phone number
4. Driver licence details
5. Current and previous residential address
6. Email address
7. Current and previous employment details

### **Checking compliance**

The individual will check for compliance after their requests and receives their credit information. In order to do so the following questions are to be answered:

#### **1. Access to credit information**

- Whether the individual was straight out informed about their right to a free credit report?
- What verification documents other than a driver licence number are required to request for a credit report?
- Whether the credit report was supplied within 20 working days? In how many days?

#### **2. Charging**

- Whether the individual was informed about their right to get a free credit report?
- Whether under an immediate access request for an individual's credit information, credit reporters are charging not more than \$10? If yes, how much was the charge?

### **Inaccuracies with credit information**

If the credit report holds incorrect credit information then the individual must contact the credit reporter who issued the credit report requesting to correct the inaccurate credit information.

### **Confidentiality**

The individual conducting a compliance check of the credit reporter agrees not to disclose any information associated with this project to anyone and agrees to keep it confidential.

For further information on consumer rights under the Credit Reporting Privacy Code 2004 visit:

<https://privacy.org.nz/the-privacy-act-and-codes/codes-of-practice/credit-reporting-privacy-code/credit-reporting-consumer-rights/>

## National Credit Reporters

### 1. Centrix

- Website: <http://www.centrix.co.nz/>
- Toll free number: 0800 236 874

### 2. Dun & Bradstreet

- Website: <http://dnb.co.nz/index.html>
- Toll free number: 0800 733 707

### 3. Veda

- Website: <http://www.veda.co.nz/>
- Toll free number: 0800 692 733

## QUESTIONNAIRE

Please answer these questions once you have received your report from each company:

Unique Reference Number:

**1. Access to credit information**

Were you informed of your right to a free credit report?

Were you able to find and complete the free standard report easily **online**?

Were you able to easily find and complete the free standard report for **postal** use?

Were additional documents other than a driver licence number required to request for a credit report?

Please list additional documents required:

Was the **fast track** credit report received within 5 working days?

How many days?



<p>Was the <b>standard free</b> credit report was supplied within 20 working days?</p>	
<p>If yes, in how many days?</p>	
<p><b>2. Charging</b></p>	
<p>Was there any mention of a charge?</p>	
<p>Were you told you could request an immediate credit report for a cost of \$10?</p>	
<p>Was the cost mentioned more than \$10?</p>	
<p><b>3. Any further comments or notes</b></p>	
<p><b>4. For phone request and personal visit request - please give a narrative of your interaction with the company's representative</b></p>	
<p>Include information such as:</p> <p>Was it explained you were entitled to a free credit report?  Were you informed of a fast track/immediate credit report?  Was the process of requesting a credit report explained to you?  How long will the credit report take to be delivered to you?</p>	



## **Making ‘mystery consumer’ checks on national credit reporters: Ethical policy for 2015 pilot project**

This ethical policy reflects the practices adopted by Office of the Privacy Commissioner to avoid or address anticipated ethical issues in making ‘mystery consumer’<sup>1</sup> checks on aspects of compliance by the three national credit reporters with the requirements of privacy law. The Office ran its first pilot of a ‘mystery consumer’ compliance monitoring project beginning in mid-2015.

### **Background information on 2015 pilot**

The primary focus of the 2015 pilot was to test the level of compliance by credit reporters with applicable subject access requirements.<sup>2</sup>

OPC selected a contractor to undertake the pilot after evaluating several providers against a set of criteria which included confidence about the contractor’s practices. Individuals were recruited by contractor. The recruited individuals were given the task of requesting their credit reports from the three national credit reporters using their real identity. The company managed the pool individuals to ensure the testing across a range of access request types (letter, online, telephone, in person, etc.).

Individuals were given questionnaire to complete in relation to their dealings with each credit reporter. The questionnaires were finalised and returned to OPC for analysis after the participants had received their individual credit reports. The individuals’ credit reports, stripped of personal identifiers, were also sent to OPC.

The questionnaire addressed such compliance issues as whether the individual had received information about the right to a free credit report; the level of identity verification; how long it took to be given access; whether a charge was made and, if so, for how much and in what circumstances.

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<sup>1</sup> ‘Mystery shopper’ or ‘secret shopper’ is a technique used by retailers, market research organisations and regulators to test compliance with standards by sending a test individual into a business to engage in a transaction and to record the results e.g. see [https://en.wikipedia.org/wiki/Mystery\\_shopping](https://en.wikipedia.org/wiki/Mystery_shopping). As no shopping is involved in this pilot, OPC have coined the phrase ‘mystery consumer’.

<sup>2</sup> Principally rule 6 and clause 7 of the Credit Reporting Privacy Code 2004 and Part 5 of the Privacy Act 1993.

## **Pilot designed to minimise ethical issues**

OPC has undertaken the exercise to gain a better understanding of levels of compliance so as to prioritise future interventions to promote or maintain good practice. It was also hoped that the pilot might yield insights to assist in a scheduled review of the operation of the code.

The exercise was not undertaken with the intention of taking direct enforcement action for non-compliance. Given that the focus was not direct enforcement, it was relatively easy to minimise the ethical issues. OPC generally arranged the pilot so that it was not given information relevant to taking any individualised complaint or direct enforcement action. Results of the pilot will principally be based upon the pseudonymous questionnaires<sup>3</sup> with some additional analysis of the de-identified credit reports.

In the event that individuals, contrary to instructions, forward their credit reports in identifiable form, OPC staff is instructed to redact identifiers before storing and analysing the reports.

Individualised complaints arising from the pilot were not encouraged and, if received, will be handled by OPC without reference to the pilot (since the individuals' identities are in any case unknown either to complaints staff or staff working on the pilot). As part of the pilot OPC provided a fact sheet to the contractor for providing to individuals about credit reporting and individual rights under privacy law.

## **Use of results of pilot**

A report will be compiled by OPC at the end of the pilot. In line with the objectives of the project, this will report upon what has been found in relation to compliance by the three national credit reporters with the requirements of privacy law. It may confirm levels of compliance or identify problems that may warrant OPC intervention.

The results of the pilot are not designed to provide the basis for any direct enforcement action and so the use of the information is unlikely to raise any special ethical issues. At its most serious, the results would likely merely provide the impetus for OPC to start a formal investigation to gather evidence for enforcement action. However, much more likely would be other less direct interventions such as discussions with individual companies or cross-sectoral discussions.

It is intended that the report of the pilot be shared with the credit reporters. A report, possibly in summary form, will also be published. No advance announcement was made to the credit reporters about the pilot.

The report will be prepared in a way in which the results can be disaggregated in relation to each of the three companies. This is essential to enable OPC to target initiatives aimed at addressing any compliance issues revealed and is also necessary if the results are to be helpful to the individual companies.

No decision has been made in advance as to whether to name the credit reporters in the public version of the report. Any naming that is warranted would be undertaken in accordance with OPC's published naming policy.

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<sup>3</sup> Questionnaires have a reference number assigned by the contractor. OPC is not given the actual identities of the individuals.

## Summary of selected ethical issues and responses

Issue	Practice
The contractor breaches the privacy of its staff or otherwise acts unethically	<ul style="list-style-type: none"> <li>• OPC carefully selects contractor.</li> <li>• A non-disclosure agreement required.</li> </ul>
Individuals concerned at release of their credit reports to third parties	<ul style="list-style-type: none"> <li>• Individuals not required to submit their credit reports to the contractor.</li> <li>• The pilot design has the individual concerned remove their identifying details before sending them directly to OPC (i.e. not through the contractor).</li> <li>• OPC not given identifying details of any of the individuals.</li> <li>• Credit reports not intended to be retained by OPC with any personally identifying details.</li> </ul>
Concerns at using mystery consumer process for enforcement purposes	<ul style="list-style-type: none"> <li>• The results are not used for direct enforcement – if compliance action is warranted reliable evidence would be gathered in the usual way.<sup>4</sup></li> </ul>
Individual leaves identifying details on documents sent to OPC	<ul style="list-style-type: none"> <li>• Likelihood minimised through contractor training and clear instruction sheet.</li> <li>• Where it happens, OPC redacts identifying details before storing documentation in system and starting analysis.</li> </ul>

<sup>4</sup> OPC does not preclude the possibility of use of mystery consumers for direct enforcement on some future occasion. However, associated ethical issues (if any) are not engaged on this occasion.