CFPB Clarifies Federal Preemption of State Credit Reporting Laws



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On October 28, 2025, the Consumer Financial Protection Bureau (CFPB) issued an interpretive rule clarifying its position that the federal Fair Credit Reporting Act of 1970 (FCRA) broadly preempts state laws concerning credit reporting. The new rule replaces a July 2022 interpretive rule issued by the Biden Administration, which narrowly interpreted the FCRA's preemption and suggested that states could regulate credit reporting beyond what federal law provides. The July 2022 interpretive rule prompted several states, including New Jersey, to enact laws limiting medical debt reporting, an area which is not regulated by federal law.

While interpretive rules are not legally binding, the new rule signals the federal government's position on preemption and effectively encourages litigants to challenge state laws that restrict the content of credit reports. As a result, the New Jersey Louisa Carman Medical Debt Relief Act, which bars creditors and debt collectors from reporting most medical debt to consumer reporting agencies, may face challenges from industry groups citing the CFPB's renewed stance.

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