CFPB Finalizes Rule Removing Medical Debt from Credit Reports



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On January 7, 2025, the Consumer Financial Protection Bureau (CFPB) published a final rule that prohibits medical debt from being included on credit reports. Under the new rule, credit reporting agencies will be prevented from including medical debt in an individual's credit report and lenders will not be permitted to use medical information in determining whether to extend credit. The rule also restricts credit reporting agencies from furnishing reports to creditors containing medical debt information that creditors are barred from using.

The final rule is set to become effective in March, although it is expected that the rule will be challenged by debt collection groups, which can delay implementation. The rule only erases medical debt from credit reports but does not eliminate the debt itself. According to the CFPB, this rule will remove $49 billion in medical bills from the credit reports for roughly 15 million Americans, boosting credit scores by an average of 20 points, and is expected to result in the approval of approximately 22,000 additional mortgages annually.

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