

Pre-adverse action and Adverse action letters

According to the Fair Credit Reporting Act, you must follow the proper steps to notify the candidate of your decision. ... The employer must also provide a separate second **notice** as **required** by the FCRA (Sections 604 & 615(a)). These notices are generally known as a **pre-adverse action** and **adverse action letter**

Timing of Adverse Action Notices Per the FCRA

After receipt of the consumer report, the pre-adverse action is to be sent within three (3) business days. The applicant then can dispute any report findings. The FCRA dictates the applicant should be given a "reasonable period of time" to raise any disputes. There is no specific amount of time mentioned in the FCRA but a best practice is to allow 5 business days for the applicant to review and respond. If the applicant does not dispute the pre-adverse action, an adverse action notice can be sent within 5 business days from the date of the pre-adverse action. Failure to comply with FCRA rules can lead to litigation and penalties.