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By Susan Grant, Director of Consumer Protection and Privacy, Consumer Federation of America

The Economic Growth, Regulatory Relief, and Consumer Protection Act which recently passed the Senate is mostly about eliminating important protections that were put in place after the financial crisis of 2007-2008 to avoid similar meltdowns and keep our financial system safe and sound. There's very little for consumers in the bill, and in some cases the "consumer protections" would actually weaken people's rights under their state laws and block the states from providing stronger protections in the future.

For example, the bill gives consumers the ability to freeze their credit reports for free. Consumer Federation of America and other organizations have been demanding this because these security freezes are the best protection from many types of identity theft that can result from data breaches. Every state in the U.S. has a law regarding security freezes, but they vary. In some states, freezes can only be requested by people who are already ID theft victims. In others, any consumer can request a freeze, but there may be a small fee depending on the circumstances. Some states also enable parents and guardians to request freezes for children and others who need special protection, others don't. So a federal law that would allow consumers to place and lift security freezes at no charge, whenever they want to, and that includes freezes for children and other vulnerable people, is a good thing, right?

It would be, except when you take a closer look at the legislation. While lenders and other creditors would be blocked from getting a consumer's credit report if there was a freeze on it, insurance companies, employers, landlords, and companies that provide background screening services would not. This means that the freeze would do nothing to stop an identity thief from getting insurance, a job, or an apartment, or passing a background test, using someone's stolen personal information. These exceptions don't make any sense. In the Federal Trade Commission's latest report on consumer complaints, employment and tax-related fraud were the second most frequent types of identity theft reported last year, and while tax fraud went down compared to 2016, employment fraud jumped 23 percent. Insurance fraud resulting from identity theft rose by 19 percent.

The security freeze laws in states such as California and Washington don't include those exceptions. But if this bill passes in Congress, it would "preempt" state security freeze laws – that is, the states wouldn't be able to enforce their existing protections that go beyond the federal law. And they wouldn't be able to pass new laws that provide stronger protections concerning security freezes, either. So if good ideas such as freezing consumers' credit reports by default, which we support, aren't implemented at the federal level, states will be powerless to act themselves. Federal law should be the baseline for protection against identity theft and fraud, not the limit. With rampant data breaches and privacy concerns on the rise, consumers need and deserve better.

Let's be crystal clear: the massive data breach at Equifax revealed serious problems with our credit reporting system, where consumers have too few rights. The recent bill passed by the Senate barely scratches the surface of the reforms we truly need.