

How to Complete a FCRA-Compliant Background Check for Tenant Screening

If you use background check reports provided by Direct Screening for tenant screening purposes — including evaluating applicants for rental housing, lease approval, or occupancy — you must comply with the Fair Credit Reporting Act (FCRA) and any applicable state or local housing laws.

This guide applies only to tenant and housing screening and does not cover employment background checks.

This guide does not address background checks conducted for personal use, employment decisions, credit extension, or other non-housing purposes.

The FCRA establishes specific procedures that housing providers must follow when obtaining and using consumer reports to make rental or occupancy decisions. You are responsible for understanding and complying with these requirements.

Direct Screening provides background check reports only and does not make rental, leasing, or occupancy decisions.

A key resource is the Consumer Financial Protection Bureau (CFPB) publication titled “Notice to Users of Consumer Reports: Obligations Under the FCRA,” which is available in our FCRA Downloadable Forms area.

The overview below summarizes the standard FCRA-compliant tenant screening process. It is not legal advice and does not address every possible scenario. You should also be aware of state and local housing laws that may impose additional requirements.

Before Ordering a Background Check

Before ordering a tenant screening report from Direct Screening, you must complete both of the following steps.

1. Provide a Clear and Stand-Alone Disclosure

You must provide the applicant with a written disclosure stating that you intend to obtain a background check report for tenant screening purposes.

- The disclosure must be clear and conspicuous
- It must be provided in a document that consists solely of the disclosure
- It may not be combined with rental applications, liability waivers, or other acknowledgments

You should retain a copy of the disclosure in the applicant's file.

2. Obtain Written Authorization

You must obtain the applicant's written authorization before ordering a background check.

- Authorization may be provided on the same document as the disclosure, where permitted
- Authorization must be obtained before the report is ordered

You should retain the authorization in the applicant's file.

Once these steps are completed, you may order a background check through our website.

Record Retention

You should retain copies of the disclosure, written authorization, any notices sent to the applicant, and the consumer report itself for a reasonable period after the rental decision is made. Many state and local laws specify minimum retention periods for tenant screening records. You are responsible for understanding and complying with any applicable retention requirements in your jurisdiction.

After the Background Check Is Returned

Once the report is complete, the next steps depend on whether any information is returned that may affect your rental decision.

If No Disqualifying Information Is Returned

If the report does not contain any information that affects your rental decision, the screening process is complete. No additional FCRA-related action is required.

If Information Is Returned That May Affect Your Decision

If information in the report may affect your decision to approve the applicant for housing, you must follow the adverse action process outlined below.

Information included in Direct Screening reports is returned based on available data sources and verification standards in effect at the time of the search.

Considering Adverse Action

If you determine that information in the report may negatively affect a rental or occupancy decision, you are considering an adverse action under the FCRA.

The FCRA is designed to protect individuals from being adversely affected by inaccurate or incomplete information in consumer reports. For this reason, applicants must be given an opportunity to review and dispute the report before a final adverse housing decision is made.

Housing providers should also ensure that any rental decision complies with applicable fair housing laws and is based on consistent, objective criteria.

Pre-Adverse Action Requirements

Before taking final adverse action, you must provide the applicant with all of the following:

- A Pre-Adverse Action Notice
- A copy of the background check report
- A copy of the CFPB's "Summary of Your Rights Under the Fair Credit Reporting Act"

You must then allow the applicant a reasonable period of time — no fewer than five business days — to review the report and dispute any information. Note that some states and localities require longer waiting periods. You are responsible for complying with any applicable state or local housing law requirements.

The Pre-Adverse Action Notice should clearly state:

- That an adverse housing decision is being considered
- The name, address, and contact information of Direct Screening
- That Direct Screening did not make the housing decision
- That the applicant has the right to dispute inaccurate or incomplete information
- That a final housing decision has not yet been made

Sample Pre-Adverse Action letters are available in our FCRA Downloadable Forms area.

Important: Some states impose additional notice, timing, and content requirements. You are responsible for complying with all applicable state and local housing laws.

Disputes and Reinvestigation

If the applicant disputes any information in the report, they should contact Direct Screening directly and submit a dispute form, which is available in our FCRA Downloadable Forms area.

Disputes are typically initiated by contacting us at:

support@directscreening.com

Once a dispute is received, Direct Screening will conduct a reinvestigation in accordance with the FCRA.

- The FCRA allows up to 30 days to complete a reinvestigation
- If the applicant provides additional information during the reinvestigation period, the deadline may be extended to 45 days
- If information is updated or corrected, a revised report will be issued to both you and the applicant

- If no changes are made, both parties will be notified of the outcome

You should not make a final adverse housing decision while a dispute is pending.

Final Adverse Action

After the dispute period has ended, or after a reinvestigation is completed, you may make a final housing decision.

If you decide to deny housing to the applicant based on the background check, you must provide a Final Adverse Action Notice, which includes:

- Notice that adverse housing action has been taken
- The name and contact information of Direct Screening
- A statement that Direct Screening did not make the housing decision
- Notice of the applicant's right to obtain another free copy of the report within 60 days
- Notice of the applicant's right to dispute the accuracy or completeness of the report

Sample Final Adverse Action letters are available in our FCRA Downloadable Forms area.

Questions

If you have questions about completing a FCRA-compliant tenant screening background check, please contact:

support@directscreening.com

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