

New Puerto Rico Law Limits Employers' Use of Credit Reports in Employment Decisions

Article By:

Sara E. Colón-Acevedo

Karla Carrillo Russe

Puerto Rico has enacted legislation to limit the use of credit reports in making employment decisions.

An "Act to Protect Employee's Credit Information" (PR Act. No. 150 of October 8, 2019) prohibits employers from refusing to hire, dismissing, or otherwise discriminating against an employee or applicant because of the information in a credit report or on account of the employee's credit history. The Act is effective immediately.

The new law also prohibits employers from verifying or obtaining the credit history information or credit reports of an employee or applicant.

Fines for violating this Act may range between \$1,000 and \$2,500 for each violation.

Exceptions

Credit reports may be obtained only for certain positions, including, for example:

- Managerial positions;
- Positions for which a credit report is required by law;
- Positions that require access to financial or personal information of other persons and not the information usually provided for a purchase transaction;
- Positions that require access to trade secrets (as defined by local law);
- Positions that require a fiduciary responsibility to the employer; and certain positions that have regular access to cash or other goods.

Before requesting a credit report or credit history information from an employee or applicant who is

covered by an exception, employers must obtain the employee's written consent.

What Employers Should Do

1. Puerto Rico employers should ensure they modify any practice of obtaining and using credit reports to comply with this new enactment.
2. If use of a credit report is permitted, ensure written consent is obtained.
3. Puerto Rico employers should modify any forms to ensure compliance with the Act.
4. Multi-state employers should ensure compliance with the requirements of the federal Fair Credit Reporting Act and applicable state laws.

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National Law Review, Volumess IX, Number 314

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