

New Connecticut Law Limits Employer Access to Employee Credit Data

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Adding to the growing number of states limiting **employers' use of credit reports**, including [Hawaii](#), [Washington](#), [Oregon](#), [Illinois](#), and [Maryland](#)), Connecticut recently passed [Public Act No. 11-223](#) **restricting employer use of credit reports and credit history for employees or job applicants**. The Connecticut law goes into effect October 1, 2011, and prohibits employers from requiring an employee or job applicant to consent to a request for a credit report "as a condition of employment." This includes reports that contain information about credit score, credit account balances, payment history, savings or checking account balances or savings or checking account numbers.

The law has four exceptions. Paraphrasing from the law, employers may request credit data if:

1. The employer is a financial institution;
2. A report is required by law;
3. The employer reasonably believes that the employee has engaged in specific activity that constitutes a violation of the law related to employment; or
4. Either (a) a report is substantially related to the job or (b) the employer requests the credit report for a bona fide purpose that is "substantially job-related" and discloses this purpose in writing to the employee or applicant.

Regarding the last exception, the law broadly defines "substantially related to the job" to mean that the information contained in the credit report is related to the following: a managerial position that involves setting direction and control of the business; a position that involves access to customers, employees or the employer's personal or financial information (other than retail transaction information); involves a fiduciary responsibility to the employer; provides an expense account or corporate debit or credit card; provides access to confidential or proprietary business information; or involves access to the employer's nonfinancial assets valued at \$2,005 or more, including but not limited to, museum and library collections and to prescription drugs and other pharmaceuticals.

Job applicants and employees may lodge complaints alleging violations of the law with the Connecticut Labor Department. Employers will be liable to the Labor Department for a civil penalty of \$300 for each improper request for a credit check. The Connecticut Attorney General can bring civil actions to recover penalties brought by the Labor Department.

As a result of these new restrictions, Connecticut employers should review hiring policies, and other policies that require employee credit information, and prepare to comply with the law by **October 1, 2011**.

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