

NEW LAW MAKES IT HARDER FOR CALIFORNIA COMPANIES TO CHECK CREDIT SCORES

On behalf of Barron Law Corporation posted in [Corporate Law](#) on Thursday, January 5, 2012

Employers in California used to be able to check the credit score of a job applicant in the interest of making sure that the prospective hire has good judgment and is responsible, but starting this year, a new law is going to place significant restrictions on that ability.

Generally, employers will now only be able to check an applicant's credit score if he or she is applying for a managerial position or for a job that regularly deals with certain confidential information, like bank accounts and Social Security numbers. Laws like this are worth paying attention to because they shape [corporate law](#) compliance by changing the way companies must do business to stay in good legal standing.

States that have similar laws include Illinois, Hawaii, Maryland, Oregon, Connecticut and Washington.

A big reason the law was enacted is that there was a fear that people's bad credit histories would prevent them from getting the jobs they would need to earn the income required to get back in good financial standing. A San Diego staffing professional pointed out that if a hiring manager has three applicants to choose from and one has a bad credit score, he or she will likely disregard that candidate and pick from the two who have better credit.

Now, there is probably some truth to that philosophy. But then again, shouldn't employers have an avenue to investigate whether a person is responsible and judicious in his or her personal life? There is a benefit to that, too.

What do you think? Do you think employers should have more discretion to inquire into a job applicant's credit history, or do you think this is an unnecessary intrusion into someone's life?

Source: WHEC-TV Channel 10, "[Some states working to block companies from checking credit scores of prospective employees](#)," Jan. 3, 2012

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