

RECENT DEVELOPMENTS

CONSUMER CREDIT

UNDER THE FAIR CREDIT REPORTING ACT, CONSUMER MUST MAKE A PRIMA FACIE SHOWING THAT THE DISPUTED INFORMATION WAS IN FACT INACCURATE OR INCOMPLETE TO PREVAIL ON AN UNREASONABLE INVESTIGATION CLAIM

Ward v. Nat'l Credit Sys., No. 25-1078, 2026 U.S. App. LEXIS 21295 (10th Cir. 2026).
<https://law.justia.com/cases/federal/appellate-courts/ca10/25-1078/25-1078-2026-07-20.html>

FACTS: Plaintiff Robbin Ward's daughter used his personal information to apply and secure a residential lease Ward's name without his knowledge or permission. Ward's daughter lived at the property, failed to timely pay rent, and was eventually evicted. The landlord then transferred collection of the outstanding debt to National Credit Systems, Inc. ("NCS"). NCS reported the delinquent debt under Ward's name to various credit reporting agencies ("CRAs"), which documented the debt on Ward's credit report.

After discovering the debt, Ward disputed its validity and claimed that he was a victim of identity theft. NCS investigated Ward's dispute but concluded that the debt information was accurate and declined to correct its reporting. Ward sued NCS under the Fair Credit Reporting Act ("FCRA"), alleging that NCS failed to conduct a reasonable investigation of his dispute. At trial, the jury found NCS liable and awarded Ward damages for emotional distress. NCS appealed the district court's denial of its post-trial motion challenging the judgment.

HOLDING: Reversed and Remanded.

REASONING: NCS argued that Ward failed to make a prima facie case showing that NCS furnished inaccurate or incomplete information. The court agreed, holding that inaccuracy or incompleteness is a threshold element of an unreasonable investigation claim under the FCRA. To prevail on such a claim, a consumer must first establish that the disputed information was, in fact, inaccurate or incomplete. The reasonableness of the furnisher's investigation is not examined unless the consumer first satisfies that threshold requirement.

The court further reasoned that the disputed information must be objectively and readily verifiable as containing a mistake or error. Ward's claim did not meet that standard because the alleged inaccuracy depended on the truth of Ward's assertion that he was not a victim of identity theft. The court concluded that this assertion was not objectively verifiable by NCS, while the objective evidence available to NCS suggested that Ward was connected to the debt. Because Ward failed to establish that NCS furnished inaccurate or incomplete information, his unreasonable investigation claimed under the FCRA.

N.J. SUPREME COURT HOLDS NO PRIVATE RIGHT OF ACTION TO VOID LOAN CONTRACT

Diana v. LVNV Funding, LLC, 2026 N.J. LEXIS 632 (2026).
https://www.njcourts.gov/system/files/court-opinions/2026/a_52_24.pdf

FACTS: Plaintiff Scott Diana ("Diana") opened a credit card with Credit One Bank ("Credit One") and eventually defaulted on the balanced owed. Credit One Bank closed Diana's account and sold his debt to defendant MHC Receivables, LLC ("MHC").

Diana argued that because the defendants lacked the required licenses, the debt purchases were void as a matter of law.

Through a series of transactions, Diana's debt was ultimately bought by co-defendant LVNV Funding LLC ("LVNV"). LVNV filed suit to collect Diana's unpaid debt, and Diana failed to answer. The court

entered a final default judgement against Diana for the unpaid debt, court costs, and attorney's fees.

Diana in response filed a separate suit against LVNV and other defendants involved in the sale and purchase of his debt. Diana alleged the defendants were not properly licensed as consumer lenders or sales finance companies at the time they purchased or received the assignment of his debt. Diana argued that because the defendants lacked the required licenses, the debt purchases were void as a matter of law. LVNV moved to dismiss Diana's complain against all defendants. The trial court dismissed Diana's complaint with prejudice. The Appellate Division affirmed, and the New Jersey Supreme Court granted certification. **HOLDING:** Affirmed.

REASONING: Diana argued the New Jersey Consumer Finance Licensing Act ("CFLA") contained an implied private right of action allowing him to void the loan contract. The New Jersey Supreme Court disagreed, reasoning the predecessor statutes to the CFLA expressly provided private remedies, but the CFLA did not. The court therefore declined to infer the legislature intended to create a private right of action when such a remedy was not expressly in the statute.

The court further reasoned the CFLA is penal in nature. Diana relied on the statutory phrase "constitutes a crime" to argue the CFLA implied a private right of action, but the court interpreted the phrase as defining the degree of a crime for a violation would be. Generally, New Jersey courts do not allow private plaintiff to seek injunctions to enforce state penal laws. Thus, the New Jersey Supreme Court held no right to private action was available to Diana under the CFLA.