

# Fair and Accurate Credit Transactions (FACT) Act Practice Exam (Sample)

## Study Guide



**Everything you need from our exam experts!**

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# Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

**Remember:** successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

# How to Use This Guide

**This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:**

## **1. Start with a Diagnostic Review**

**Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.**

## **2. Study in Short, Focused Sessions**

**Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations.**

## **3. Learn from the Explanations**

**After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.**

## **4. Track Your Progress**

**Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.**

## **5. Simulate the Real Exam**

**Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.**

## **6. Repeat and Review**

**Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.**

**There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!**

## Questions

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- 1. Which statement accurately describes notices when terms offered are materially unfavorable?**
  - A. The notice is provided after a credit decision is made, but before consummation.**
  - B. Contains information described in Regulation V.**
  - C. States that the terms offered to the consumer have been set based on information in the credit report.**
  - D. All of the above**
  
- 2. If a consumer reporting agency blocks information because of identity theft, to whom must it send notice of the block and possible identity theft?**
  - A. The person who furnished the information**
  - B. The consumer**
  - C. The bank**
  - D. The credit bureau**
  
- 3. Under FACT Act requirements designed to prevent identity theft, which statement is true?**
  - A. A consumer reporting agency must notify the person requesting a consumer report of any address discrepancy.**
  - B. The disposal of consumer information is dictated solely by internal policy.**
  - C. If a consumer reporting agency blocks information because of identity theft, it must notify the person who provided that information.**
  - D. If a consumer provides sufficient information, the consumer reporting agency must include a fraud alert in the consumer report.**
  
- 4. A consumer reporting agency must include a fraud alert in a consumer report if the consumer has provided an identity theft report. True or false?**
  - A. True**
  - B. False**
  - C. Only if requested by the consumer**
  - D. Only for certain types of reports**

- 5. Which action is an example of identity theft?**
- A. Stealing a person's checkbook and forging that person's signature on checks payable to you.**
  - B. Borrowing a friend's jacket without permission.**
  - C. Paying a bill online with proper authentication.**
  - D. Copying a magazine article for personal use.**
- 6. If a block is placed due to identity theft, who must be notified by the consumer reporting agency?**
- A. The person who furnished the information**
  - B. The consumer**
  - C. The bank**
  - D. The credit bureau**
- 7. Federal regulators' guidelines focus on the accuracy and integrity of information provided to which entities?**
- A. Financial institutions**
  - B. Regulators**
  - C. Borrowers**
  - D. Consumer reporting agencies**
- 8. If a consumer asks for their score, which statement best describes the agency's obligation?**
- A. The agency must provide the score immediately**
  - B. The agency has no obligation to provide the score**
  - C. The agency is required to provide the score within 30 days**
  - D. The agency must provide the score for a fee only**
- 9. Who is entitled to receive notices of address discrepancies from consumer reporting agencies?**
- A. Persons who request consumer reports**
  - B. Lenders that request a report**
  - C. The subject of the report**
  - D. No one**

- 10. When a block due to identity theft is applied, to whom must the block and possible identity theft be reported?**
- A. The consumer only**
  - B. The furnisher only**
  - C. Both the consumer and the furnisher**
  - D. Neither**

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## Answers

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1. D
2. A
3. A
4. A
5. A
6. A
7. D
8. B
9. A
10. C

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## **Explanations**

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**1. Which statement accurately describes notices when terms offered are materially unfavorable?**

- A. The notice is provided after a credit decision is made, but before consummation.**
- B. Contains information described in Regulation V.**
- C. States that the terms offered to the consumer have been set based on information in the credit report.**

**D. All of the above**

When a lender offers credit on terms that are materially less favorable, they must provide a notice that explains the basis for those terms and how the decision was reached. This notice is given after a credit decision is made but before the loan is consummated, so the consumer understands what was decided and has the opportunity to respond or seek alternatives before closing. The notice must also incorporate required information from Regulation V (the FCRA rules). That means it should include disclosures about the involvement of information from a consumer reporting agency, the agency's contact details, and the consumer's rights to obtain a copy of their report and to dispute any inaccuracies. Including these Reg V elements helps the consumer verify what data influenced the decision and how to challenge it if needed. Additionally, the notice should explicitly state that the terms offered to the consumer were determined based on information in the consumer report. This ties the decision directly to the credit-report data and makes the basis for the less favorable terms clear to the applicant. All of these aspects together describe the notices required when terms offered are materially unfavorable, which is why the option that combines them is the correct choice.

**2. If a consumer reporting agency blocks information because of identity theft, to whom must it send notice of the block and possible identity theft?**

**A. The person who furnished the information**

- B. The consumer**
- C. The bank**
- D. The credit bureau**

The main idea is that when a consumer reporting agency blocks information because of identity theft, it must inform the party that originally provided that information. The furnisher is the entity that reported the data to the credit bureau—like a lender or creditor. Notifying the furnisher ensures they're aware that the item is being blocked due to identity theft and can take appropriate steps to verify or withhold reporting until the issue is resolved. The consumer is also informed, but the notice to the furnisher is the required action for the block.

**3. Under FACT Act requirements designed to prevent identity theft, which statement is true?**

- A. A consumer reporting agency must notify the person requesting a consumer report of any address discrepancy.**
- B. The disposal of consumer information is dictated solely by internal policy.**
- C. If a consumer reporting agency blocks information because of identity theft, it must notify the person who provided that information.**
- D. If a consumer provides sufficient information, the consumer reporting agency must include a fraud alert in the consumer report.**

Address discrepancy notifications help prevent identity theft in the credit reporting process. Under FACTA, when a consumer requests a report and the address they provide doesn't match the address on file at the consumer reporting agency, the agency must notify the requester about that discrepancy so the requester can take steps to verify the consumer's identity before using the report. This alert acts as a safeguard against someone attempting to use a different address to obtain credit. Disposal rules aren't correctly described as being dictated solely by internal policy; FACTA requires secure disposal practices and specific guidelines beyond any internal policy. Blocking information due to identity theft isn't framed correctly here either—the law's emphasis is on notifying the requester of address mismatches to prompt verification. Fraud alerts are placed by consumer action or specific identity-theft circumstances, not automatically simply because a consumer provides enough information.

**4. A consumer reporting agency must include a fraud alert in a consumer report if the consumer has provided an identity theft report. True or false?**

- A. True**
- B. False**
- C. Only if requested by the consumer**
- D. Only for certain types of reports**

Fraud alerts exist to protect people who report identity theft by making lenders take extra steps to verify a new credit application. When a consumer provides an identity theft report, the consumer reporting agency must place a fraud alert in the consumer's file. In practice this is an extended fraud alert, which lasts seven years, designed specifically for identity theft victims. This requirement ensures the alert is included in the consumer report that lenders receive, helping prevent new accounts in the victim's name. So the statement is true.

5. Which action is an example of identity theft?

- A. Stealing a person's checkbook and forging that person's signature on checks payable to you.**
- B. Borrowing a friend's jacket without permission.**
- C. Paying a bill online with proper authentication.**
- D. Copying a magazine article for personal use.**

Identity theft involves using someone else's personal information to commit fraud or unlawfully obtain money or goods. Stealing a person's checkbook and forging that person's signature on checks payable to you is a direct example because it uses the owner's banking information and identity to access funds and transfer them to yourself. The act relies on impersonating the account holder to defraud the bank or others, which is the essence of identity theft. The other actions don't fit this pattern: borrowing a jacket is theft of property, not identity-based fraud; paying a bill online with proper authentication is authorized; and copying a magazine article is a copyright issue, not identity theft.

6. If a block is placed due to identity theft, who must be notified by the consumer reporting agency?

- A. The person who furnished the information**
- B. The consumer**
- C. The bank**
- D. The credit bureau**

When a block is placed on a consumer's file due to identity theft, the consumer reporting agency must notify the furnisher—the person or entity that originally provided the information to the bureau. This ensures the furnisher is aware that a block is in place and can take appropriate steps, such as verifying identity before reporting new information. The consumer may receive notice as well, but the requirement being tested is to inform the furnisher.

7. Federal regulators' guidelines focus on the accuracy and integrity of information provided to which entities?

- A. Financial institutions**
- B. Regulators**
- C. Borrowers**
- D. Consumer reporting agencies**

The focus is on the information that goes into consumer credit reports. Federal regulators emphasize that data furnished to consumer reporting agencies must be accurate and complete because these agencies compile the reports used by lenders and others to assess creditworthiness. Inaccurate or incomplete data can lead to incorrect credit decisions, so guidelines stress data integrity, timely updates, and proper dispute resolution for what is reported to CRAs. The other options don't fit because the rules pertain to the information shared with consumer reporting agencies, not to regulators, borrowers, or financial institutions in general.

**8. If a consumer asks for their score, which statement best describes the agency's obligation?**

- A. The agency must provide the score immediately
- B. The agency has no obligation to provide the score**
- C. The agency is required to provide the score within 30 days
- D. The agency must provide the score for a fee only

Credit reports and credit scores are two different things. A consumer reporting agency must provide a consumer with a copy of their credit report upon request and must honor the free annual report requirement, but it does not have an obligation to supply the consumer's credit score. The score is a separate rating produced by scoring models and is not guaranteed to be included in the report or provided for free. If a score is offered, it's typically available for a fee, and there's no mandatory obligation to provide it.

**9. Who is entitled to receive notices of address discrepancies from consumer reporting agencies?**

- A. Persons who request consumer reports**
- B. Lenders that request a report
- C. The subject of the report
- D. No one

Notice of address discrepancy is a safeguard that alerts the party who obtained the consumer report when the address on file doesn't match the address the consumer provided. This helps the requester verify the consumer's identity and avoid acting on potentially incorrect information. The entity using the report—such as a lender or employer—receives this notice so they can take appropriate steps before making decisions based on the report. While the consumer does have rights related to their file, the NAD in this context is directed to the person who requested the report. Hence, those who request consumer reports are the ones entitled to receive notices of address discrepancies.

**10. When a block due to identity theft is applied, to whom must the block and possible identity theft be reported?**

- A. The consumer only
- B. The furnisher only
- C. Both the consumer and the furnisher**
- D. Neither

A block placed because of identity theft is meant to protect the consumer and to coordinate with the data providers. When this block is applied, both the consumer and the furnisher must be notified. The consumer needs to know that a protective measure is in place and what it means for their credit activity. The furnisher (the lender or other party that provides information to the credit bureau) must be informed so they can stop reporting or flag information tied to the theft and work with the consumer to resolve any fraudulent items. This dual notification helps prevent further misuse of the stolen identity and keeps all parties aligned on next steps.

## Next Steps

**Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.**

**As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.**

**If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at [hello@examzify.com](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://factact.examzify.com>**

**We wish you the very best on your exam journey. You've got this!**

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