

FCRA BASIC CERTIFICATION PRACTICE EXAM (SAMPLE)

STUDY GUIDE



**SAMPLE STUDY GUIDE
WITH LIMITED QUESTIONS**

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THE FULL VERSION STUDY GUIDE**

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Table of Contents

Copyright	1
Table of Contents	2
Introduction	3
How to Use This Guide	4
Questions	5
Answers	8
Explanations	10
Next Steps	16

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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. What is a "soft inquiry"?**
 - A. A type of inquiry that affects credit score
 - B. A background check conducted by an employer
 - C. An inquiry that does not affect credit score
 - D. A request for increase in credit limit
- 2. Is a drug testing lab considered a CRA under the FCRA?**
 - A. Yes, always
 - B. No, it is excluded from the definition
 - C. It depends on state law
 - D. Only if the results are shared with other agencies
- 3. Which of the following statements about investigative consumer reports is false?**
 - A. They include interviews of the family members of the person who is the subject of the report.
 - B. They do not include reports containing information gathered exclusively from the person who is the subject of the report.
 - C. They include reports consisting only of information obtained from a "drive by" of the consumer's residence.
 - D. They can include interviews conducted by mail, telephone and email.
- 4. If an employer learns about a job applicant's criminal history during a conversation, what is the employer's obligation?**
 - A. Notify the applicant immediately
 - B. Comply with adverse action requirements
 - C. Conduct further investigation
 - D. Report to a credit agency
- 5. Even though the FCRA is a federal statute, individuals can file FCRA lawsuits in state courts. This statement is:**
 - A. True, but only if they also assert a state law claim, like defamation.
 - B. True.
 - C. False.
 - D. True, but only if a job applicant was applying for a job with a state government.

- 6. The FCRA "preempts" conflicting state law. What does this mean for CRAs?**
- A. True, CRAs can ignore all state versions of the FCRA.
 - B. False.
 - C. True, except for Massachusetts, whose version of the FCRA predated the FCRA and is grandfathered in.
 - D. CRAs must follow both federal and state laws.
- 7. Which entities are primarily regulated under the FCRA?**
- A. Financial institutions and lenders
 - B. Consumer reporting agencies and users of consumer reports
 - C. Retailers and wholesalers
 - D. Government agencies and auditors
- 8. What type of information is exempt from the FCRA's consumer report definition?**
- A. Public records that are publicly available
 - B. Private financial transactions
 - C. Employer background checks
 - D. Medical records
- 9. Which entity or entities can file an FCRA lawsuit or bring an enforcement action against CRAs?**
- A. EEOC
 - B. FTC
 - C. Individual consumers
 - D. Both B and C
- 10. Does the FCRA impose obligations on CRA's regarding how they dispose of consumer reports?**
- A. True, proper disposal is the end user's responsibility.
 - B. False.
 - C. It depends if the consumer is not a US citizen; the risk of ID theft is low and consumer reports regarding non-citizens can be disposed of through ordinary means.
 - D. True, except for consumer reports regarding celebrities, politicians, and other public figures.

Answers

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

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Explanations

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1. What is a "soft inquiry"?

- A. A type of inquiry that affects credit score
- B. A background check conducted by an employer
- C. An inquiry that does not affect credit score**
- D. A request for increase in credit limit

A "soft inquiry" refers to a type of credit check that does not impact a person's credit score. This occurs when a lender or service checks a person's credit report, but it is not done in connection with a credit application. Common instances of soft inquiries include promotional credit checks, personal credit checks by the individual, or background checks performed by employers. As a result, these inquiries provide information about the creditworthiness without influencing the credit score, allowing individuals to understand their credit situation without negatively impacting it. Understanding the difference between soft and hard inquiries is crucial for managing one's credit effectively, as only hard inquiries—those made in relation to applying for credit—can cause a decrease in the credit score.

2. Is a drug testing lab considered a CRA under the FCRA?

- A. Yes, always
- B. No, it is excluded from the definition**
- C. It depends on state law
- D. Only if the results are shared with other agencies

A drug testing lab is classified as excluded from the definition of a Consumer Reporting Agency (CRA) under the Fair Credit Reporting Act (FCRA). The FCRA defines a CRA as any entity that regularly engages in the practice of assembling or evaluating consumer credit information for the purpose of furnishing consumer reports to third parties. However, the act specifically excludes entities that only provide information for drug testing or similar tests. Since drug testing labs do not prepare or furnish reports that fall within the FCRA's purview, they do not fit the definition of a CRA. This distinction is important for understanding the regulatory requirements and obligations that apply to different types of organizations and their roles in handling consumer information.

3. Which of the following statements about investigative consumer reports is false?

- A. They include interviews of the family members of the person who is the subject of the report.
- B. They do not include reports containing information gathered exclusively from the person who is the subject of the report.
- C. They include reports consisting only of information obtained from a "drive by" of the consumer's residence.**
- D. They can include interviews conducted by mail, telephone and email.

The statement regarding investigative consumer reports being inclusive of "drive by" information is incorrect because investigative consumer reports are specifically designed to provide in-depth insights about a consumer's character, reputation, or personal characteristics primarily through interviews and other investigative means. These reports typically involve more comprehensive data collection methods, such as personal interviews and assessments of the individual's interactions rather than mere observational data from a pass-by assessment. In contrast, the statements affirming the inclusion of family interviews and methods of communication for obtaining information are true. Investigative consumer reports can involve interviews with family members to gather a holistic view of the consumer's background and may utilize various communication channels such as mail, telephone, and email for deeper insights. Additionally, the restriction against including information gathered solely from the consumer themselves highlights the intention of investigative reports to provide an objective view rather than self-reported data.

4. If an employer learns about a job applicant's criminal history during a conversation, what is the employer's obligation?

- A. Notify the applicant immediately
- B. Comply with adverse action requirements**
- C. Conduct further investigation
- D. Report to a credit agency

When an employer learns about a job applicant's criminal history, the appropriate obligation is to comply with adverse action requirements. Under the Fair Credit Reporting Act (FCRA), if an employer decides not to hire an applicant based on information obtained from a background check, which includes criminal history, they must adhere to specific procedures. This includes providing the applicant with a notice that includes the report used in the decision and informing them of their right to dispute the accuracy or completeness of the information. Complying with adverse action requirements is essential because it ensures that applicants have the opportunity to understand and potentially contest the findings that informed the employer's hiring decision. This process promotes fairness and transparency in the hiring process, which is a fundamental tenet of the FCRA. The other options may not fully align with the legal obligations set forth under the FCRA in this context. While notifying the applicant could be seen as a good practice, it is not specifically mandated by the FCRA in every instance. Conducting further investigation might be necessary in some contexts, but it doesn't address the obligations related to the adverse action taken based on the information obtained. Reporting to a credit agency is also not relevant to the employer's immediate obligations regarding the information learned from an applicant's criminal history.

5. Even though the FCRA is a federal statute, individuals can file FCRA lawsuits in state courts. This statement is:

A. True, but only if they also assert a state law claim, like defamation.

B. True.

C. False.

D. True, but only if a job applicant was applying for a job with a state government.

The assertion that individuals can file FCRA lawsuits in state courts is true. The Fair Credit Reporting Act (FCRA) is a federal statute, meaning it primarily governs how consumer reporting agencies and related entities operate at the national level. However, the law does not prohibit individuals from bringing lawsuits in state courts. This flexibility in the legal system allows consumers to seek justice and remedy for violations of their rights under the FCRA without being limited to federal courts. Filing in state courts can sometimes be advantageous for plaintiffs, depending on the jurisdiction and local laws that might apply. Thus, the correct choice accurately reflects this aspect of the law, confirming that individuals have the option to pursue their claims under the FCRA in both state and federal courts.

6. The FCRA "preempts" conflicting state law. What does this mean for CRAs?

A. True, CRAs can ignore all state versions of the FCRA.

B. False.

C. True, except for Massachusetts, whose version of the FCRA predated the FCRA and is grandfathered in.

D. CRAs must follow both federal and state laws.

The correct understanding of the FCRA's preemption of conflicting state laws revolves around the concept that federal law takes precedence when there are discrepancies between federal and state regulations. This means that while the FCRA establishes baseline requirements and standards for credit reporting, it does not allow Consumer Reporting Agencies (CRAs) to completely disregard state laws. In practice, CRAs must adhere to both federal regulations outlined in the FCRA and the specific provisions laid out by state laws, as long as the state laws do not conflict with the federal standards. If a state law offers stronger consumer protections or additional rights that align with the law's purpose, CRAs are required to comply with both. Essentially, the FCRA's preemption means that while federal law sets certain minimum guidelines, it does not automatically eliminate the necessity for compliance with state laws that enhance consumer protections. Hence, the importance of balancing both sets of legal requirements is clear.

7. Which entities are primarily regulated under the FCRA?

- A. Financial institutions and lenders
- B. Consumer reporting agencies and users of consumer reports**
- C. Retailers and wholesalers
- D. Government agencies and auditors

The primary entities regulated under the Fair Credit Reporting Act (FCRA) are consumer reporting agencies and users of consumer reports. This regulation is focused on ensuring the accuracy, fairness, and privacy of information in the files of consumer reporting agencies. Consumer reporting agencies collect and provide data about consumers to entities that use this information in various decision-making processes, such as lending and employment. By regulating these entities, the FCRA establishes guidelines for how consumer information can be collected, shared, and used. This includes ensuring that consumers have the right to access their own credit information, dispute inaccuracies, and be informed when certain decisions are made based on their credit report. While other entities like financial institutions and lenders interact with consumer credit information, they are subject to FCRA provisions mainly as users of consumer reports rather than being the focus of the regulations themselves. Retailers, wholesalers, and government agencies, although involved in various capacities, do not fall under the primary regulatory focus of the FCRA in the same way as consumer reporting agencies and report users do. Hence, the answer highlighting consumer reporting agencies and users of consumer reports accurately reflects the primary intent and scope of regulation under the FCRA.

8. What type of information is exempt from the FCRA's consumer report definition?

- A. Public records that are publicly available**
- B. Private financial transactions
- C. Employer background checks
- D. Medical records

The correct response is based on the nature of consumer reports as defined by the Fair Credit Reporting Act (FCRA). The FCRA outlines the rules for collecting and using consumer information. Within its scope, certain types of information are considered exempt from the definition of a consumer report. Public records that are publicly available are indeed exempt from the FCRA's consumer report definition. This includes information such as court records, bankruptcies, and other legal proceedings that are accessible to the public. Since these records are not private and can be accessed by anyone, they fall outside the regulations imposed by the FCRA regarding the handling of consumer reports. In contrast, private financial transactions, employer background checks, and medical records typically involve sensitive personal information and are not publicly available in the same way. These types of information are subject to FCRA provisions to protect consumers' privacy and ensure that they are aware of how their information is being used and shared.

9. Which entity or entities can file an FCRA lawsuit or bring an enforcement action against CRAs?

- A. EEOC
- B. FTC
- C. Individual consumers
- D. Both B and C**

The correct answer encompasses both the Federal Trade Commission (FTC) and individual consumers because both have the authority to take action under the Fair Credit Reporting Act (FCRA). The FTC plays a significant role in enforcing the provisions of the FCRA, particularly because it oversees compliance with consumer protection laws, which include regulations related to consumer reporting agencies (CRAs). The Commission has the power to investigate and bring enforcement actions against CRAs that violate the FCRA and can impose penalties for non-compliance. Simultaneously, individual consumers also possess the right to file lawsuits against CRAs for violations of their rights under the FCRA. If consumers believe their credit report has been mishandled or inaccuracies are present that affect their financial standing, they can seek judicial remedies to address these grievances. This dual enforcement structure enhances consumer protection by allowing both a regulatory agency and individuals to hold CRAs accountable for their actions, ensuring a more robust safeguarding of consumers' rights regarding their credit information.

10. Does the FCRA impose obligations on CRA's regarding how they dispose of consumer reports?

- A. True, proper disposal is the end user's responsibility.
- B. False.**
- C. It depends if the consumer is not a US citizen; the risk of ID theft is low and consumer reports regarding non-citizens can be disposed of through ordinary means.
- D. True, except for consumer reports regarding celebrities, politicians, and other public figures.

Under the Fair Credit Reporting Act (FCRA), consumer reporting agencies (CRAs) do indeed have obligations regarding the disposal of consumer reports. Specifically, the FCRA mandates that CRAs must take appropriate measures to dispose of consumer information securely to protect against unauthorized access and identity theft. This requirement applies universally to all consumer reports, regardless of the status or identity of the consumer involved. The correct understanding is that the FCRA ensures that consumer reports are not just discarded carelessly. Instead, agencies are required to implement policies for destroying consumer reports that meet specific standards intended to mitigate the risk of identity theft. For instance, they may utilize shredding, burning, or other secure methods of disposal to safeguard sensitive information. The assertion that proper disposal is solely the end user's responsibility misrepresents the statutory obligations of CRAs and highlights the critical nature of their role in maintaining consumer data security. Therefore, the responsibilities extend beyond just passing the duty to the end user, making it essential for CRAs to adhere to the established disposal guidelines under the FCRA.

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.

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

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

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