

Akeela White Analyzes in ARM Compliance Digest: California Appeals Court Upholds Dismissal of FCRA Suit for Lack of Standing

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In the October 14, 2024, issue of the *ARM Compliance Digest*, Hinshaw partner Akeela White analyzed a California Appeals court's dismissal of a Fair Credit Reporting Act (FCRA) lawsuit, with the court ruling that the plaintiff lacked standing to sue due to the absence of a concrete injury.

The court affirmed that the plaintiff's failure to demonstrate tangible harm, despite procedural violations of the FCRA, meant she did not meet the standing requirements under California law.

White writes:

The California Fourth District Court of Appeal held that the Superior Court properly dismissed the case because the plaintiff failed to allege a concrete injury and, therefore, lacked standing to sue in state court. The lower court's decision was based on *Limon v. Circle K Stores, Inc.* and similar precedents, which require plaintiffs to be beneficially interested in their claims for damages to have standing in California courts.

The plaintiffs sued in state court, alleging the "Summary of Rights" portion of the consumer reports the defendant provided were missing information required by the FCRA. The defendant removed the case to federal court, and the plaintiffs successfully moved to remand the case back to state court based on the lack of Article III standing since they did not allege suffering any downstream consequences due to the missing disclosures. The plaintiffs argued that they were merely seeking to vindicate procedural violations of the FCRA, and therefore the alleged harm did not establish Article III standing.

Following remand, the defendant provided the *Limon* case as supplemental authority to rebut the plaintiffs' argument that they had standing to sue under California law. The superior court agreed and granted the defendant's motion for judgment on the pleadings. On appeal, the court affirmed this decision, relying on California's general rule that to have standing to sue in California state court, the plaintiff must demonstrate a

concrete beneficial interest, which is the equivalent to alleging that they suffered a concrete injury, as that term is used in Article III standing jurisprudence.

The plaintiffs alleged that they had a beneficial interest because the non-disclosure caused an informational injury that entitled them to statutory damages under the FCRA. The court rejected their assertion, explaining that “although proof of actual harm is not required to recover statutory damages, this does not obviate the need for an injury in fact when bringing an FCRA claim purely for statutory damages.”

Although states are not constrained by the case or controversy provisions of Article III, some states have doctrines that may be equivalent to or broader than the injury-in-fact prong of the Article III test for standing in the federal courts. Therefore, defendants in FCRA cases should review state court’s precedent on standing and consider whether a plaintiff’s complaint alleges harm that would satisfy the threshold standing requirement when determining litigation strategy.

[Read the full October 14, 2024 edition of the *AccountsRecovery.net Compliance Digest*.](#)

- “[California Appeals Court Upholds Dismissal of FCRA Suit for Lack of Standing](#)” was published by *ARM Compliance Digest* on October 14, 2024.

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