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Justin Penn Examines FCRA Trends Involving "Legal vs. Factual Inaccuracy" Defense

Column in the *ARM Compliance Digest*

In The News | 1 min read
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In a new AccountsRecovery.net *ARM Compliance Digest* column, Hinshaw partner Justin Penn examines a Colorado federal court decision granting judgment on the pleadings to three credit reporting agencies in a consumer's Fair Credit Reporting Act (FCRA) lawsuit.

The plaintiff alleged that a lease termination agreement eliminated their outstanding rental balance. The court determined that, as pleaded, the dispute presented a legal question that the agencies were not obligated to resolve.

In his column, Justin explains that the decision further illustrates the distinction between a "legal versus factual inaccuracy" defense under the FCRA and offers helpful guidance for furnishers dealing with similar consumer disputes.

Justin writes:

> This decision provides yet another distinction on the trend of "legal versus factual inaccuracy" defense under the FCRA. The consumer's dispute rested on what her lease termination agreement legally did to the debt, not on a plainly wrong balance. The distinction protected the bureaus, but the debt collector that furnished the data did not get the same protection. Instead, it kept confirming the balance after disputes, allegedly without contacting the consumer or checking with the landlord, and it settled instead of litigating.
>
> The court also warned that some contract disputes may be straightforward factual questions and gave the plaintiff leave to amend. So furnishers should not rely on this defense alone; they should document how they handle disputes and, if possible, confirm the debt with the creditor, especially because the Tenth

Circuit's "objectively and readily verifiable" standard now governs claims against furnishers under § 1681s-2(b).

Read the full November 16, 2026 edition

- *AccountsRecovery.net ARM Compliance Digest:* "Judge Grants MJOP in FCRA Suit Over Lease Termination" (November 16, 2026)

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