

A photograph of a clipboard with a checklist and a pen on a wooden surface. The clipboard is black and has a silver chain attached to it. The checklist is on a white sheet of paper and has the word "Checklist" at the top. Below the word, there are nine numbered items, each followed by a small square box for a checkmark. A black pen is lying on the clipboard, pointing towards the bottom right. The background is a wooden surface with a vertical grain.

MITIGATING RISK TO YOUR BRAND

VerifiedFirst

RISK EXTENDS BEYOND THE COURTROOM

Background checks are a critical way to evaluate candidates as you seek the best people to fill open positions. However, because of strict federal and state regulations, conducting background checks can become a legal minefield. Failing to comply with these regulations can bring hefty penalties and many companies have been fined millions of dollars for non-compliance.

Although these penalties are serious, improperly conducted background screening goes beyond the costs of hefty legal penalties or lawsuits. The risks associated with non-compliant background screening affect the core of your business—your company's brand.

PROTECTING YOUR BRAND WITH COMPLIANT BACKGROUND SCREENING

The most valuable asset your company owns is your brand. Because consumers have many options available to them, your brand provides an essential way for them to emotionally connect with your company. That's why corporations spend millions of dollars annually on reputation management, as they keenly understand how their brand affects their relationship with stakeholders.

Regardless of the size of your company, failing to maintain compliance with background checks sends the wrong message to stakeholders, customers, and prospective employees. Improperly conducted background checks affect your company's reputation, which ultimately decreases the value of your company.



There have been several high-profile cases in which prominent companies have suffered a financial and reputation loss because of improperly conducted background screening. For example, consider the following cases from the last two years:

- Uber reached a \$7.5 million settlement for background checks that violated the Fair Credit Reporting Act (FCRA). Uber made adverse employment decisions based on background checks that applicants never had a chance to contest, opening themselves up to a class-action lawsuit.
- Kelly Services settled a class action lawsuit for \$6.7 million. Their company violated the FCRA's stand-alone disclosure requirement when they packaged a FCRA disclosure form with a liability release.
- Lowe's settled for \$2.2 million after being taken to court for ordering background checks without providing candidates a copy of their reports or summary of their rights under the FCRA.



MITIGATE RISK WITH THE RIGHT BACKGROUND SCREENING PROVIDER

Although these consequences can be daunting, there are several ways to effectively mitigate the risks related to background screening. When choosing a company to conduct your screenings, you are best served through finding a provider that understands and applies the following best practices.

Confirm that your Disclosure and Authorization form is FCRA compliant. The disclosure needs to be a clearly labeled, stand-alone document without an extraneous information.

Confirm that your electronic signature form meets FCRA and the E-SIGN act. Many companies use electronic signatures as “written” consent from applicants. If these forms are not properly implemented, it can put a company at risk for a class action lawsuit.

Confirm that your applicant forms have updated language that is FCRA compliant. FCRA regulations are strict about required language that needs to be included and extraneous information that needs to be excluded from specific forms. For example, failing to use the term “consumer report” in a disclosure has been grounds for class action lawsuits.

Confirm that your applicant process is compliant with all state and municipality laws. Many states and municipalities have their own laws that act as counterparts to the FCRA, which further complicates the background screening process.



IS YOUR SCREENING PROVIDER INVESTED IN YOUR COMPANY?

A skilled background screening company recognizes how the quality of their efforts directly impacts your company’s brand, reputation, and future growth. If you’re uncertain if your current provider is up to date with complex and constantly evolving FCRA and state regulations, we can help. Contact us today for a free audit of your background screening compliance efforts.

1-888-988-1367

Partner@VerifiedFirst.com

www.VerifiedFirst.com