

Client Alert

NEW YORK CITY PASSES LAW THAT, WITH CERTAIN EXCEPTIONS, PROHIBITS EMPLOYERS FROM REQUESTING OR USING AN APPLICANT'S OR EMPLOYEE'S CREDIT HISTORY

May 12, 2015 – Recently, Mayor Bill de Blasio signed a bill ([0261-2014](#)) that amends the New York City Human Rights Law, making it an unlawful discriminatory practice for an employer to use an individual's consumer credit history in making employment decisions. The bill, which was previously approved by the City Council 47-3, goes into effect on September 3, 2015.

Under this new law, most businesses in New York City will be banned from using an individual's credit history to disqualify a job applicant from employment, or to otherwise alter the compensation, terms, conditions or privileges of employment based on the credit history of an applicant or employee. The bill does not cover law enforcement personnel, bonded employees under City, state or federal law, qualified corporate executives and workers directly handling assets valued at \$10,000 or more, or who have authority to enter into financial agreements valued at \$10,000 or more on behalf of their employer. The type of information that *cannot* be considered by an employer includes an individual's credit worthiness, credit standing, payment history, credit score or other financial-related information that is customarily obtained from a credit background check. The underlying socio-economic rationale for the legislation relates both to (i) the probability that certain segments of the labor pool are at greater risk to be disqualified from employment opportunities based on poor credit scores, and (ii) the fact that such scores are sometimes the result of a non-cause loss of prior employment, a medical crisis, overwhelming student loan debt or identity theft.

Individuals working in New York City can bring claims with the New York City Commission on Human Rights or file an action directly in court if they believe an employer has wrongfully used credit information in connection with its employment decisions. Unlike other jurisdictions around the country that have enacted similar legislation, New York City's law banning credit checks is considered the most restrictive given the limited number of exceptions to the prohibition against running credit checks. As such, New York City employers should immediately review and update their hiring and employment policies to ensure full compliance

with this new law. When in doubt, employers should consult with legal counsel to determine if a specific position or information obtained by an otherwise lawful background check is covered by this new ban on the use of consumer credit history in the workplace.

If you require any additional information on this law, or with respect to any other employment-related issue, please contact:

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