



Employers Beware: Use Credit Checks At Own Risk

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Spencer Waldron, an associate in the Irvine office, was among several attorneys interviewed for the article "Employers Beware: Use Credit Checks At Own Risk" on *Law360*.

Because credit reports may include inaccurate information or unfairly screen out low-income or minority job applicants, using them in hiring is a tricky prospect that most employers would do well to use on a limited basis, attorneys say.

The attorneys explained that relying on blanket credit screening — that is, running credit checks on everyone who applies for a job — presents several potential issues. As an initial matter, it might be illegal under state or local law.

What that can mean, in practice, is limiting credit checks to applicants for positions where financial responsibility would be most directly relevant, such as a senior-level management position or a position in which the employee would have access to large amounts of cash, use of the company's credit cards or the authority to enter into financial contracts, according to Spencer Waldron of Fisher Phillips.

"This is just one factor to consider among many," Waldron said. "It's not always cut and dry."

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