

# 3 STEPS to take when considering adverse action

When a background check reveals discrepancies or potential employment-disqualifying information for an applicant, employers must respond carefully. Follow-up actions should be consistent with company policies and legally compliant to avoid discrimination claims.

Under the [Fair Credit Reporting Act \(FCRA\)](#), employers must follow guidelines when considering adverse action for conditional employment offers due to consumer report findings.

## Step 1: Pre-adverse action notice

Before rescinding an employment offer due to background findings, employers must provide the individual with

- a copy of the background report,
- a [Summary of Rights](#) under the FCRA, and
- written notice that adverse action is being considered.



## Step 2: Allow the applicant to dispute findings

After receiving a notice of adverse action, the applicant should have the chance to

- correct inaccuracies,
- provide context, and
- dispute errors with the screening agency.



Final employment decisions should not be made until the affected individual has time to respond.

## Step 3: Final adverse action notice

If the employment offer is officially rescinded, employers must

- provide written notice to the individual that adverse action is being taken due to findings on the consumer report,
- include the name and contact information of the screening company,
- state that the screening company did not make the decision and cannot provide specifications for why adverse action was taken, and
- notify the individual of their right to request a free copy of the report and dispute any inaccuracies.



Employers must uphold applicant rights throughout the hiring and recruiting process. For help implementing the necessary policies to keep your organization compliant, [refer](#) to our HR consulting team.