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S.B. 280*
133rd General Assembly

Bill Analysis

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Version: As Reported by Senate Insurance and Financial Institutions

Primary Sponsor: Sen. Blessing

Yosef Schiff, Attorney

SUMMARY

- Replaces the 60-day limit on the performance of certain credit service organization contracts with a 12-month limit if certain criteria are met.

DETAILED ANALYSIS

Under current law, a credit services organization must provide all services to a buyer within the time specified in the contract, which cannot exceed 60 days or a shorter period set by the Superintendent of Financial Institutions.

A credit services organization is prohibited from receiving consideration for its services unless the services are performed within this agreed-to time period. This prohibition can be enforced by (1) the injured buyer suing the credit services organization for damages, including punitive damages, (2) the Division of Financial Institutions, the Attorney General, or the buyer seeking an injunction against the credit services organization, and (3) the Division requesting the county prosecutor to initiate criminal proceedings. The violation also is considered an unfair or deceptive act under the Consumer Sales Practices Act.

The bill extends this required performance period to 12 months for services under a contract to which all of the following conditions apply:

- The buyer agrees to make periodic payments for the services performed during the term of the contract.
- The buyer may cancel the contract at any time without penalty or future obligation.

* This analysis was prepared before the report of the Senate Insurance & Financial Institutions Committee appeared in the Senate Journal. Note that the legislative history may be incomplete.

- The contract solely provides for the ongoing performance of either of the following services:
 - Improving the buyer’s credit record, history, or rating, or providing advice or assistance to a buyer in connection with such a service;
 - Removing adverse credit information that is accurate and not obsolete from the buyer’s credit record, history, or rating.
- The buyer’s explicit, affirmative, and documented assent is provided before a contract is renewed.
- During the term of the contract period, the credit services organization reviews with the buyer the adverse credit information on the buyer’s credit report.¹

“**Credit services organization**” means any person that, in return for the payment of money or other valuable consideration readily convertible into money for the following services, sells, provides, or performs, or represents that the person can or will sell, provide, or perform, one or more of the following services:

- Improving a buyer’s credit record, history, or rating;
- Obtaining an extension of credit by others for a buyer;
- Providing advice or assistance to a buyer in connection with the above two types of services;
- Removing adverse credit information that is accurate and not obsolete from the buyer’s credit record, history, or rating;
- Altering the buyer’s identification to prevent the display of the buyer’s credit record, history, or rating.²

“**Buyer**” means an individual who is solicited to purchase or who purchases the services of a credit services organization for purposes other than obtaining certain types of business loans.³

HISTORY

Action	Date
Introduced	02-14-20
Reported, S. Insurance and Financial Institutions	---

S0280-RS-133/ec

¹ R.C. 4712.05 and R.C. 4712.01, 4712.07(A), 4712.10, 4712.11, and 4712.12, not in the bill.

² R.C. 4712.01.

³ R.C. 4712.01 and 1343.01(B)(6), not in the bill.