

Trigger Lists – The Latest Mortgage Marketing Scheme

By Christopher Doyle

Tom Howard had recently applied for a mortgage with me, and during the course of the application process, I pulled a credit report that combined information from the three national credit bureaus, Experian, TransUnion and Equifax. Two days after I pulled Tom's credit, Tom called me to tell me that another mortgage lender had called him and offered to put together a loan for him.

Tom was confused at first, since he knew that we sell our loans to other large banks, but called me to find out why this other company had contacted him. "At first," Tom told me, "I thought the company that called me was somehow affiliated with you, but then I realized that it was a totally different company calling me. They seemed to know an awful lot about my transaction."

I explained that by pulling Tom's credit, it caused him to be placed on a "trigger list," the latest mortgage marketing scheme. Unbeknownst to most consumers, the credit inquiry that their mortgage person makes for the purpose of obtaining a pre-approval triggers the release of information. Experian, TransUnion and Equifax sell lists of names that they compile to third party lead generators. These lead generators, in turn, sell lists to mortgage brokers and lenders. These lists are considered "hot" leads, since the consumer included on the list is assumed to be actively in the market to purchase a home or refinance a mortgage.

It appears that the selling of trigger lists is a legal practice, although there is a question of it being ethical. Theoretically, this can have the effect of increasing competition between lenders, but the very fact that this information is so freely available to third parties is disturbing. Banks and brokers are legally required to adhere to financial privacy when dealing with a client, yet have no control over who obtains knowledge of their client's transaction.

One major concern to the sale of trigger lists is its potential for the increased risk of identity theft and bait-and-switch schemes.

The biggest winners in selling trigger lists are Experian, TransUnion, and Equifax. They charge a fee when they access the initial credit report, then when they sell the list to the lead generator, and again when the other mortgage lender accesses credit to obtain their approval.

Consumers do have the ability to request that their names and information not be placed on a trigger list. Consumers can opt-out at www.optoutprescreen.com or by calling 888-567-8688.

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