

## Breaking the Credit Barrier: New York Outlaws Credit Checks in Hiring Decisions

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Effective April 18, 2026, the New York State Fair Credit Reporting Act makes it an unlawful discriminatory practice for employers, labor organizations, or employment agencies to request or use consumer credit history for employment-related decisions. This includes hiring, compensation, promotion, demotion, and retention decisions.

“Consumer credit history” is broadly defined as an individual’s credit worthiness, credit standing, credit capacity, or payment history. The new law applies to all employers in New York, regardless of size, and protects both applicants and current employees. The law does, however, provide several exceptions from the general prohibition for certain positions, such as those with access to sensitive information, financial authority, or roles requiring bonding or security clearance. Employers may consider consumer credit history where the individual is applying for:

- Any non-clerical position with “regular access to trade secrets” (which does not include handbooks, policies, or client mailing lists), national security information, or intelligence information relating to criminal investigations or counterterrorism;
- Positions with signatory authority over third-party funds or assets of \$10,000 or more;
- Positions involving a fiduciary responsibility to the employer with the authority to enter financial agreements involving \$10,000 or more on behalf of the employer;
- Law enforcement or an investigative role in a law enforcement agency (including applicants for peace officer or police officer positions);
- Positions subject to background investigation by a state agency, with limited exceptions;
- Positions requiring that the employee be bonded under state or federal law;
- Positions requiring security clearance under federal law or state law; and

- Positions whose regular duties allow the employee to modify digital security systems preventing unauthorized use of the employer's or client's networks or databases.

New York has now become the 11th state to enact legislation restricting the use of consumer credit history in the hiring process. California, Connecticut, Colorado, Hawaii, Illinois, Maryland, Nevada, Oregon, Vermont, and Washington have each passed laws restricting the use of consumer credit reports to make employment decisions.

Employers should begin by reviewing and updating their hiring and employment policies to ensure compliance with the law's new prohibition. Employers should also review job descriptions to identify roles that qualify for exceptions and consider documenting the justification for any position where consumer credit history is considered, while employers in multiple states should ensure their practices comply with varying state laws.