



Credit Checks Curtailed: New York's New Hiring Law Takes Effect April 2026

Beginning April 18, 2026, employers throughout New York State must treat consumer credit history as generally off-limits for employment decisions unless a specific statutory exemption applies. Pursuant to the amended New York State Fair Credit Reporting Act (Gen. Bus. Law § 380 *et seq.*) (“NYSFCRA”), employers, labor organizations, employment agencies, and their agents, including background screening providers, are prohibited from requesting or using an individual’s consumer credit history in connection with employment decisions. This includes with respect to hiring, compensation, promotion, or any other term, condition, or privilege of employment. **The law goes into effect on April 18, 2026.**

This statewide restriction aligns New York policy with a growing list of jurisdictions limiting credit checks in the employment context and expands restrictions for employers operating in New York City beyond New York City’s existing Stop Credit Discrimination in Employment Act, which went into effect in 2015. Once the amended NYSFCRA goes into effect, it will generally be prohibited for an employer or other covered entity to either ask for or obtain an individual’s credit history for employment purposes or to use such credit information when making decisions related to hiring, compensation, or any other terms or conditions of employment.

The NYSFCRA defines “consumer credit history” as “an individual’s credit worthiness, credit standing, credit capacity, or payment history, as indicated by: (1) a consumer credit report; (2) credit score; or (3) information an employer obtains directly from the individual regarding (i) details about credit accounts, including the individual’s number of credit accounts, late or missed payments, charged-off debts, items in collections, credit limit or prior credit report inquiries, or (ii) bankruptcies, judgments or liens.”

Notwithstanding the foregoing, the amended NYSFCRA preserves certain limited exceptions. Employers may request or use consumer credit history only when the position or employer falls into one of the following categories:

1. The employer is required by state or federal law, or by a self-regulatory organization as defined in the Securities Exchange Act of 1934, to use an individual’s consumer credit history for employment purposes.
2. The position is for a peace officer, police officer, or another law-enforcement or investigative role within a governmental agency.
3. The role is an appointed position that is subject to background investigation by a state agency and involves a high degree of public trust.
4. The position requires the employee to be bonded under state or federal law.
5. The role requires federal or state security clearance.
6. The position is non-clerical and involves regular access to trade secrets, intelligence information, or national security information.

7. Positions where an individual has signatory authority over third-party funds or assets of \$10,000 or more or the position involves a fiduciary responsibility to the employer with the authority to enter financial agreements of \$10,000 or more on the employer's behalf.
8. The role includes regular duties that allow the employee to modify digital security systems that protect against the unauthorized use of the employer's or its clients' networks or databases.

With the April 18, 2026 effective date approaching, employers should proactively evaluate their hiring and employment practices, revise written policies, coordinate with background-check vendors, and train human resources and management personnel to ensure full compliance. Early preparation will mitigate enforcement risk, reduce administrative exposure, and position your business to implement these changes seamlessly. For guidance on navigating this new legal landscape and developing a compliant implementation strategy, please contact:

Nicole E. Osborne, Esq.
516.663.6687
nosborne@rmfpc.com

Alexandra C. McCormack, Esq.
516.663.6653
amccormack@rmfpc.com