

Blog Post

New York Joins the Growing Wave of States Restricting Credit Checks in Employment

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By [Andrew C. Karter](#)

A new amendment to New York’s Fair Credit Reporting Act has significantly restricted employers’ use of consumer credit history in employment decisions. The amendment follows the lead of New York City’s existing Stop Credit Discrimination in Employment Act, which already prohibits most city employers from requesting or using an applicant’s or employee’s credit history when making employment decisions.

Here’s what employers need to know about the new amendment, and when credit checks may still be on the table.

Overview of the Amendment

On April 18, 2026, an [amendment](#) to New York’s Fair Credit Reporting Act took effect, prohibiting employers from using an applicant’s or employee’s consumer credit history when making employment decisions. The prohibition covers the full spectrum of employment actions, including hiring, termination, and setting compensation.

The law now defines “consumer credit history” broadly, to encompass an individual’s “credit worthiness, credit standing, credit capacity or payment history,” as indicated by: (1) a consumer

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credit report; (2) a credit score; or (3) information an employer obtains directly from the individual regarding their credit accounts. Thus, this definition is not limited to formal credit reports pulled through a reporting agency; it also captures credit-related information that is volunteered by or solicited from the applicant or employee.

When Credit Checks Remain Permissible

The amendment carves out a number of exemptions, including the following major categories:

- Persons in positions required by law to possess a **security clearance**. Employers in security-sensitive industries should therefore take particular note of this exemption.
- Persons in positions where they are **required by law to be bonded**. This exemption could be relevant for employers in financial services industries, for example.
- Persons who have **signatory authority over third-party funds or assets** valued at or above \$10,000, or who hold a fiduciary responsibility to the employer with the authority to enter financial agreements valued at or above \$10,000 on the employer's behalf. This exemption could apply to a wide range of roles, such as senior executives, finance and accounting personnel, or others who command such financial authority.
- Persons whose regular duties allow them to **modify digital security systems** that prevent unauthorized use of an employer's or client's networks or databases. This exemption would likely be relevant for IT or cybersecurity staff.

Other exemptions also exist under the law, such as for: employers required by law or a self-regulatory organization to use consumer credit history for employment purposes; certain law enforcement positions; certain cases where a person is applying

for a position subject to background investigations by a state agency; and individuals in non-clerical roles who have regular access to trade secrets, intelligence information, or national security information.

Credit History Requests Pursuant to Legal Process

Notably, the law does not prohibit an employer from “requesting or receiving consumer credit history pursuant to a subpoena, court order, or other law enforcement investigation.” Thus, employers can rest assured that they will not find themselves in violation of the law simply for following legitimate legal proceedings.

A Broader National Trend

New York is far from the only state that has moved to restrict employer use of consumer credit history in employment decisions. A number of other states and localities, including California, Colorado, Connecticut, and Illinois, have adopted comparable measures. Although the specific scope, exemptions, and procedural requirements vary by jurisdiction, these laws generally advance the same core policy objective and provide substantially similar protections. For employers operating across multiple jurisdictions, this patchwork reinforces the need to regularly review hiring and background-screening practices and avoid a one-size-fits-all approach to the use of consumer credit history in employment decision-making.

Takeaway for Employers

Now that the law is in effect, employers operating in New York should review their current hiring and employment screening practices to ensure compliance. Employers who wish to continue using consumer credit reports in making employment decisions should evaluate whether any of the statutory exemptions apply to specific positions within their organizations.

For guidance or review of policies or procedures regarding this or any other topic impacting employers, contact your Akerman Labor & Employment attorney.

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