

When Does a Consumer's Permission to Make Credit Inquiries Expire?

July 31, 2025 | [Eric D. Mulligan](#)

If at first you don't succeed, try, try again, right? That advice may be good for life in general, but it's not so good for running credit inquiries.

The Fair Credit Reporting Act limits the circumstances under which a consumer reporting agency may furnish a consumer report and thus the circumstances under which a user may obtain a consumer report. In the FCRA's language, the user needs a "permissible purpose." You have a permissible purpose if you get written permission from the consumer who is the subject of the report, but that permission is limited. For example, if you get financing for the consumer, the permission expires. This is also the case if the consumer has reason to believe that you obtained the financing, since it's the consumer who is giving permission, and, from the consumer's point of view, there's no reason to run more credit inquiries. A Maryland dealership got caught up in a lawsuit because it kept running credit inquiries even after it had told its customer that it had obtained financing for her.

In December 2023, Alexis Kenon went to Waldorf Ford, Inc., a car dealership, to buy a used vehicle. Kenon was told by a dealership employee that financing for the vehicle had been obtained from Flagship Credit Acceptance, LLC. She then completed all the required paperwork, paid the downpayment, and went home with the vehicle. Over the course of the next month, Kenon learned that Flagship had not actually approved her for financing. In January 2024, Waldorf Ford attempted to obtain financing for Kenon through alternate sources but was unsuccessful. Kenon eventually returned the vehicle to Waldorf Ford and sued the dealership for violating Section 604 of the FCRA (15 U.S.C. § 1681b) by obtaining her credit report approximately 24 times without her authorization. Waldorf Ford moved to dismiss the claims.

The U.S. District Court for the District of Maryland denied the motion to dismiss. The court concluded that Kenon adequately alleged that Waldorf Ford obtained her credit report without authorization because she did not initiate the January 2024 credit inquiries; she only authorized the credit inquiry that occurred in December 2023. Waldorf Ford argued that the January 2024 credit inquiries were undertaken because the initial financing was not approved, and Kenon still wanted the vehicle. The court found that Kenon initiated and authorized the credit inquiry in December 2023 and that Kenon believed that the inquiry resulted in successful financing from Flagship. Because Waldorf

Ford told Kenon she was approved for financing in December 2023, its permissible purpose to obtain her credit report ended at that time, and, therefore, it was not authorized to conduct any further credit inquiries.

What happened here? Part of the problem was a personnel shuffle at Waldorf Ford. The salesman with whom Kenon test-drove the vehicle told Kenon in late December 2023 that he'd been fired from Waldorf Ford, along with his entire team. It would be no surprise if some confusion resulted from all the changes. That wasn't the entire problem, though; the new general finance manager did not direct Waldorf Ford to stop running Kenon's credit even after Kenon told him to stop. As a result, Waldorf Ford made one authorized inquiry and 24 unauthorized inquiries about Kenon's credit, and Kenon's credit score dropped by 121 points. The lesson from this case is that Waldorf Ford shouldn't have kept trying to get Kenon approved once one of its employees had told Kenon that she'd been approved; it should have first asked for her written permission to continue. ❌

Kenon v. Waldorf Ford, Inc., 2025 U.S. Dist. LEXIS 41054 (D. Md. March 7, 2025).

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7037 Ridge Road, Suite 300, Hanover, Maryland 21076
410.684.3200

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