

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF
ILLINOIS

Jonathan Hatch v. College Ave Student Loans and Equifax
Information Services, LLC

Hatch · No. 25-cv-05710 · Decided March 6, 2026

SUMMARY

The United States District Court for the Northern District of Illinois granted Equifax Information Services, LLC’s motion to dismiss claims under the Fair Credit Reporting Act. The court held that determining whether the plaintiff’s student loan debt was discharged in bankruptcy required applying bankruptcy law to facts, a legal determination outside the proper role of a consumer reporting agency, and therefore did not constitute a cognizable FCRA inaccuracy. The court dismissed the FCRA claims with prejudice and ordered plaintiff’s counsel to show cause regarding potentially nonexistent case citations.

CASE DETAILS

COURT	United States District Court for the Northern District of Illinois
WRITING FOR THE COURT	Mary M. Rowland
JURISDICTION	United States District Court for the Northern District of Illinois
DECIDED	March 6, 2026
DOCKET	25-cv-05710
DISPOSITION	dismissed
PROCEDURAL POSTURE	Plaintiff brought claims for negligent and willful violations of the Fair Credit Reporting Act under 15 U.S.C. §§ 1681i(a) and 1681e(b). Equifax moved to dismiss under Federal Rule of Civil Procedure 12(b)(6).
STANDARD OF REVIEW	On a Rule 12(b)(6) motion, the court accepts well-pleaded factual allegations as true, construes the complaint in the plaintiff's favor, and determines whether the complaint states a plausible claim for relief. The court may consider documents attached to or critical to and referenced in the complaint, as well as matters subject to proper judicial notice.
PRECEDENTIAL VALUE	unpublished district court opinion; precedential status unknown

PARTIES

Jonathan Hatch v. College Ave Student Loans, Equifax Information Services, LLC

TOPICS

credit reporting

nondischargeable debts

bankruptcy

motions to dismiss

sanctions

PRACTICE AREAS

Fair Credit Reporting Act

consumer credit reporting

bankruptcy dischargeability

federal civil procedure

attorney sanctions

QUESTIONS PRESENTED

1. Whether Hatch stated a cognizable FCRA claim under 15 U.S.C. §§ 1681i(a) or 1681e(b) based on Equifax's reporting of the student-loan account as open and delinquent after Hatch's Chapter 7 bankruptcy.
2. Whether the alleged inaccuracy was actionable when determining the account's dischargeability required applying bankruptcy law, including the undue-hardship exception for student loans.

HOLDINGS

1. A plaintiff cannot state a claim under 15 U.S.C. § 1681i(a) or § 1681e(b) without alleging a factual inaccuracy in the consumer report. An alleged inaccuracy that turns on applying bankruptcy law to determine whether a student loan was discharged is a legal determination outside the purview of a consumer reporting agency and is not cognizable under the FCRA.

KEY QUOTATIONS

“The central question is “whether the alleged inaccuracy turns on applying law to facts or simply examining the facts alone.””

“Questions that “constitute legal determinations [are] solely within the purview of courts, not CRAs.””

“This application of law to facts is outside the competency of a CRA like Equifax.”

FACTUAL BACKGROUND

Hatch opened a student-loan account with College Ave in 2019 and filed Chapter 7 bankruptcy in Idaho in 2022. He alleged that the account was discharged in February 2023, but Equifax continued reporting it as open, delinquent, and subject to late payments while omitting a notation that it was included in bankruptcy. Hatch disputed the reporting and provided bankruptcy documents, but Equifax requested additional documentation. The bankruptcy materials cautioned that most student loans are not discharged, and the complaint did not allege that a bankruptcy court had made an undue-hardship determination concerning the loan.

PROCEDURAL HISTORY

Hatch alleged that Equifax inaccurately reported a student-loan account as open and delinquent after his Chapter 7 bankruptcy and discharge. Equifax moved to dismiss the FCRA claims, arguing that determining whether the student loan was discharged required applying bankruptcy law and was not a cognizable inaccuracy for purposes of the FCRA. The court granted the motion and dismissed Counts III through VI with prejudice, while separately ordering plaintiff's counsel to show cause concerning potentially nonexistent authorities cited in briefing.

DISPOSITION

dismissed

CASES CITED

- Lax v. Mayorkas, 20 F.4th 1178, 1181 (7th Cir. 2021)
- Geinosky v. City of Chicago, 675 F.3d 743, 745 n.1 (7th Cir. 2012)
- Haywood v. Massage Envy Franchising, LLC, 887 F.3d 329, 333 (7th Cir. 2018)
- Camasta v. Jos. A. Bank Clothiers, Inc., 761 F.3d 732, 736 (7th Cir. 2014)
- Sevugan v. Direct Energy Services, LLC, 931 F.3d 610, 614 (7th Cir. 2019)
- Bell v. City of Chicago, 835 F.3d 736, 738 (7th Cir. 2016)
- Bell Atlantic Corp. v. Twombly, 550 U.S. 544, 558 (2007)
- McCauley v. City of Chicago, 671 F.3d 611, 616 (7th Cir. 2011)
- Ashcroft v. Iqbal, 556 U.S. 662, 679 (2009)
- Safeco Insurance Co. of America v. Burr, 551 U.S. 47, 52 (2007)
- Chuluunbat v. Equifax Information Solutions, Inc., 4 F.4th 562, 566-68 (7th Cir. 2021)
- Denan v. Trans Union LLC, 959 F.3d 290, 292, 296-97 (7th Cir. 2020)
- Grenadyor v. Discovery Financial Services, 2024 WL 1254572, at *2 (N.D. Ill. Mar. 25, 2024)
- Tennessee Student Assistance Corp. v. Hood, 541 U.S. 440, 450 (2004)
- Mader v. Equifax Information Solutions, Inc., 56 F.4th 264, 270 (2d Cir. 2023)
- Williams v. Equifax, 2025 WL 1733183, at *5 (N.D. Ga. June 17, 2025)
- Johnson v. TransUnion, No. 1:22-CV-02533-JPB-JKL, 2023 WL 6035573, at *4 (N.D. Ga. Aug. 11, 2023)
- DeAndrade v. Trans Union LLC, 523 F.3d 61, 68 (1st Cir. 2008)
- Horan v. Equifax Information Services, LLC, No. 8:20-cv-02187-PWG, 2022 WL 2190906 (D. Md. June 17, 2022)
- Jones v. TransUnion, LLC, No. 1:15-cv-00489, 2015 WL 7566685 (N.D. Ill. Nov. 24, 2015)

OPINION

Hatch

PER CURIAM.

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

JONATHAN HATCH,

Plaintiff, v. Case No. 25-cv-05710 COLLEGE AVE STUDENT LOANS Judge Mary M. Rowland
and EQUIFAX INFORMATION
SERVICES, LLC

Defendants.

MEMORANDUM OPINION AND ORDER

Plaintiff Jonathan Hatch sues Defendants College Ave Student Loans and Equifax Information Services, LLC (“Equifax”). Plaintiff alleges negligent and willful violations of the Fair Credit Reporting Act (“FCRA”) under 15 U.S.C. § 1681i(a) and 1681e(b). Defendant Equifax moves to dismiss the Complaint pursuant to Federal Rules of Civil Procedure 12(b)(6). For the reasons stated herein, Equifax’s Motion to Dismiss [19] is granted. I. Background The following factual allegations are taken from the operative complaint [15] and accepted as true for the purposes of the motion to dismiss. See *Lax v. Mayorkas*, 20 F.4th 1178, 1181 (7th Cir. 2021). Additionally, because Defendants raise this motion under Rule 12(b)(6), the Court takes facts from “documents attached to the complaint, documents that are critical to the complaint and referred to in it, and information that is subject to proper judicial notice.” *Geinosky v. City of Chicago*, 675 F.3d 743, 745 n.1 (7th Cir. 2012). On December 27, 2019, Plaintiff Jonathan Hatch opened a student loan account with College Ave Loans. [15] at ¶ 15. On October 31, 2022, Plaintiff filed a petition for Chapter 7 bankruptcy in the U.S. Bankruptcy Court for the District of Idaho. *Id.* at ¶ 16. According to Plaintiff, the College Ave account (“the account”) was discharged under Chapter 7 by the Bankruptcy Court on February 6, 2023. *Id.* at ¶¶ 19-20. After Plaintiff’s bankruptcy discharge, Equifax began publishing inaccurate credit data on his report: (1) stating that the account was open and delinquent, (2) containing late payments from between November 2022 and January 2023, and (3) failing to include the account in bankruptcy on the Equifax consumer report. *Id.* at ¶¶ 22-23. On November 22, 2024, Plaintiff disputed the account with Equifax, which responded with a stall letter requesting documents it had already received. *Id.* at ¶¶ 24-25. Plaintiff resent the dispute with Equifax on January 24, 2025, with all supporting documents, but Equifax responded again requesting documentation previously provided. *Id.* at ¶¶ 27-28. On July 24, 2025, College Ave sent Plaintiff a letter stating payment would resume on August 11, 2025. *Id.* at ¶ 30. That same day, Plaintiff obtained consumer reports from the three credit reporting agencies, including Equifax. *Id.* at ¶ 31. Experian and TransUnion reported the account as closed or discharged, whilst Equifax continued to report the account as open and delinquent. *Id.* at ¶¶ 32-33. Equifax attached Plaintiff’s November 2024 dispute letter that attached the Bankruptcy Court’s discharge document (Exhibit A, 19-2, Bankruptcy Discharge Order) to its Motion to Dismiss [19]. The letter states “[Equifax is] reporting late payments and a balance owed on [Plaintiff’s] student loan account. This is inaccurate because [Plaintiff has] been discharged through a Chapter 7 Bankruptcy from this account.” *Id.* at 2. Attached to the dispute letter, the Bankruptcy Order states “[m]ost debts are covered by the discharge, but not all”, and lists examples of debts that are not discharged,

including “debts for most student loans.” *Id.* at 7. (emphasis added). Plaintiff submitted two other identical dispute letters, which Equifax also attached. See also (Exhibit B); (Exhibit C). Equifax moves to dismiss pursuant to Federal Rule of Civil Procedure Rule 12(b)(6), arguing that Plaintiff’s disputes to Equifax proffered a claim of inaccuracy that is not cognizable under the FCRA because it hinges on the application of the law of bankruptcy as it concerns student loans, which are outside the purview of a consumer reporting agency. [19].

II. Standard “To survive a motion to dismiss under Rule 12(b)(6), the complaint must provide enough factual information to state a claim to relief that is plausible on its face and raise a right to relief above the speculative level.” *Haywood v. Massage Envy Franchising, LLC*, 887 F.3d 329, 333 (7th Cir. 2018) (quoting *Camasta v. Jos. A. Bank Clothiers, Inc.*, 761 F.3d 732, 736 (7th Cir. 2014)); see also Fed. R. Civ. P. 8(a)(2) (requiring a complaint to contain a “short and plain statement of the claim showing that the pleader is entitled to relief”). A court deciding a Rule 12(b)(6) motion “construe[s] the complaint in the light most favorable to the plaintiff, accept[s] all well-pleaded facts as true, and draw[s] all reasonable inferences in the plaintiff’s favor.” *Lax*, 20 F.4th at 1181. However, the court need not accept as true “statements of law or unsupported conclusory factual allegations.” *Id.* (quoting *Bilek v. Fed. Ins. Co.*, 8 F.4th 581, 586 (7th Cir. 2021)). “While detailed factual allegations are not necessary to survive a motion to dismiss, [the standard] does require ‘more than mere labels and conclusions or a formulaic recitation of the elements of a cause of action to be considered adequate.’” *Sevugan v. Direct Energy Servs., LLC*, 931 F.3d 610, 614 (7th Cir. 2019) (quoting *Bell v. City of Chicago*, 835 F.3d 736, 738 (7th Cir. 2016)). Dismissal for failure to state a claim is proper “when the allegations in a complaint, however true, could not raise a claim of entitlement to relief.” *Bell Atl. Corp. v. Twombly*, 550 U.S. 544, 558 (2007). Deciding the plausibility of the claim is “a context-specific task that requires the reviewing court to draw on its judicial experience and common sense.” *McCauley v. City of Chicago*, 671 F.3d 611, 616 (7th Cir. 2011) (quoting *Ashcroft v. Iqbal*, 556 U.S. 662, 679 (2009)).

III. Analysis Plaintiff’s alleged inaccuracy does not state a cognizable claim against Equifax under the FCRA. Equifax argues that determining whether Plaintiff’s College Ave account was discharged in bankruptcy requires application of law to fact, which is outside its purview as a credit reporting agency (“CRA”). [19] at 5-10. Plaintiff responds that whether Equifax’s reinvestigation met the statutory threshold is a fact-intensive inquiry not suited for adjudication at the pleading stage. [29] at 3-6. The Court agrees with Equifax. The FCRA was enacted “to ensure fair and accurate credit reporting, promote efficiency in the banking system, and protect consumer privacy.” *Safeco Ins. Co. of Am. v. Burr*, 551 U.S. 47, 52, 127 S.Ct. 2201, 167 L.Ed.2d 1045 (2007); see also 15 U.S.C. § 1681(b). The statute therefore imposes distinct obligations on Credit Reporting Agencies (CRAs) such as Equifax. See *id.* at § 1681e(b) (requiring CRAs to follow “reasonable procedures to assure maximum possible accuracy” of information when preparing consumer reports); see also § 1681i (when a consumer disputes the accuracy of information with a credit reporting agency, that agency must “conduct a reasonable reinvestigation to determine whether the disputed information and record the current status of the

disputed information, or delete the item from the file” within 30 days). To state a claim under either provision, a plaintiff must show his file contains factually inaccurate information. *Chuluunbat v. Equifax Info. Sols., Inc.*, 4 F.4th 562, 566–67 (7th Cir. 2021) (“A threshold requirement for claims under both sections is that there must be an inaccuracy in the consumer's credit report.”) (referring to both § 1681e(b) and § 1681i). Not all allegations of inaccuracy are cognizable under the FCRA's provisions. *Denan v. Trans Union LLC*, 959 F.3d 290, 292, 297 (7th Cir. 2020). The central question is “whether the alleged inaccuracy turns on applying law to facts or simply examining the facts alone.” *Chuluunbat*, 4 F.4th at 568 (emphasis in original). Questions that “constitute legal determinations [are] solely within the purview of courts, not CRAs.” *Grenadyor v. Discovery Fin. Servs.*, 2024 WL 1254572, at *2 (N.D. Ill. Mar. 25, 2024) (citing *Chuluunbat*, 4 F.4th at 568 and *Denan*, 959 F.3d at 297). A student loan is not discharged through Chapter 7 bankruptcy unless the debtor can show that its repayment would cause an undue hardship. 11 U.S.C. § 523(a)(8). A bankruptcy court must first make an undue hardship determination in an adversary proceeding. Fed. R. Bankr. P. 7001(6); see also *Tenn. Student Assistance Corp. v. Hood*, 541 U.S. 440, 450, 124 S.Ct. 1905, 158 L.Ed.2d 764 (2004) (“Unless the debtor affirmatively secures a hardship determination, the discharge order will not include a student loan debt”). The bankruptcy order attached to Plaintiff's dispute letters explicitly cautions that not all debts are included in bankruptcy, specifically highlighting student loan debt. Importantly, here, there is no indication that Plaintiff's student loan debt was discharged, nor that Plaintiff sought an undue hardship determination during his bankruptcy proceeding in the first instance. *Tenn. Student Assistance Corp.*, 541 U.S. at 450. Whether Plaintiff's student loan debts were discharged during his bankruptcy proceedings is an unresolved “legal question regarding the application of section 523(a)(8)(A)(i)”. *Mader v. Equifax Info. Sols., Inc.*, 56 F.4th 264, 270 (2d Cir. 2023) (plaintiff failed to allege an inaccuracy within the plain meaning of section 1681(e)(b) and the unresolved legal question rendered his claim non-cognizable under the FCRA). This determination about Plaintiff's student loan debt is outside the purview of Equifax. *Chuluunbat*, 4 F.4th at 568; see also *Denan*, 959 F.3d at 297; *Williams v. Equifax*, 2025 WL 1733183, at *5 (N.D. Ga. June 17, 2025), report and recommendation adopted, No. 1:24-CV-04152-LMM-RDC, 2025 WL 2146367 (N.D. Ga. July 15, 2025) (granting defendant's motion to dismiss because the purported inaccuracy regarding the status of the plaintiff's student loan debts would require the CRA to “step into the court's shoes to interpret section 523(a)(8)(A)(i)”); *Johnson v. TransUnion*, No. 122CV02533JPBJKL, 2023 WL 6035573, at *4 (N.D. Ga. Aug. 11, 2023), report and recommendation adopted, No. 1:22-CV-02533-JPB, 2023 WL 9315262 (N.D. Ga. Nov. 30, 2023) (“[T]he problem for Plaintiff is the accuracy of the [disputed student loan debt] hinges entirely on whether the debt was discharged in bankruptcy, which, under the circumstances of his case, presents a legal issue and, therefore, is not actionable under either § 1681e(b) or § 1681i.”). Put another way, to determine whether Plaintiff's College Ave account was discharged through bankruptcy proceedings, Equifax would have to delve into the dischargeability of student loans in

bankruptcy. This application of law to facts is outside the competency of a CRA like Equifax. Chuluunbat, 4 F.4th at 568. Additionally, because the bankruptcy court did not find an undue hardship as to Plaintiff's student loans, "no reasonable procedures could have uncovered an inaccuracy in [plaintiff's] credit report" Denan, 959 F.3d at 296 (quoting DeAndrade v. Trans Union LLC, 523 F.3d 61, 68 (1st Cir. 2008) ("If a court had ruled the [loans] invalid and Trans Union had continued to report it as a valid debt, then [plaintiffs] would have grounds for a potential FCRA claim.")) (emphasis in original). Absent an inaccuracy, Plaintiff cannot bring a claim under the FCRA. Chuluunbat, 4 F.4th at 566-67. Accordingly, the FCRA claims (Count III-VI) are dismissed with prejudice. IV. Conclusion For the stated reasons, Defendant's Motion to Dismiss [19] is granted. Counts III (negligent violation of 15 U.S.C. § 1681i(a)), IV (willful violation of 15 U.S.C. § 1681i(a)), V (negligent violation of 15 U.S.C. § 1681e(b)), and VI (willful violation of 15 U.S.C. § 1681e(b)) are dismissed with prejudice. Separately, the Court orders Plaintiff's counsel, Attorney Heather Hersh, to show cause on April 9, 2026 at 1:30 p.m. on why she should not be sanctioned pursuant to (1) Rule 11(b)(2), (2) 28 U.S.C. § 1927, and (3) the inherent power of the Court, for citing potentially non-existent cases to the Court in her opposition brief [29] and sur-reply [31]. Indeed, the Court is concerned that counsel has misled the Court in citing cases that are nonexistent, or at a minimum, has failed to diligently cite check her submissions. In the event that the Court has simply been unable to find the cited cases in its research, Plaintiff's counsel shall provide the Court with a true and accurate copy of Horan v. Equifax Info. Servs., LLC, No. 8:20-cv-02187-PWG, 2022 WL 2190906 (D. Md. June 17, 2022) and Jones v. TransUnion, LLC, No. 1:15-cv-00489, 2015 WL 7566685 (N.D. Ill. Nov. 24, 2015). If counsel is unable to do so, Plaintiff's counsel shall submit a sworn declaration explaining to the Court how the opposition brief and sur-reply were generated and how counsel came to locate Horan and Jones, by April 3, 2026. Show- cause hearing set for April 9, 2026, at 1:30 pm via Webex (https://us-courts.webex.com/join/mary_rowlandilnd.uscourts.gov). ENTER: /4f Dated: March 6, 2026 Mug Vf bt L/
MARY M. ROWLAND
United States District Judge