TransUnion

MARKET BRIEF

The Case for Tri-Merge: How a Single Credit Report Raises Risk and Cost

Credit data is the backbone of a strong mortgage market. More credit information means more opportunities for homebuyers to access mortgage credit and more data points to preserve safety and soundness in the system. The tri-merge report, which combines credit data from all three National Credit Reporting Agencies (NCRAs), has long provided the credit data necessary to serve that purpose.

Newly-released research from TransUnion shows the tri-merge remains the best, and only, way to fully meet those needs. While the Federal Housing Finance Agency (FHFA) has reaffirmed its commitment to the tri-merge credit reporting model for GSE mortgages, there is continued talk within the mortgage industry of exploring alternatives — including proposals to reduce the number of credit reports used in underwriting. This suggested alternative raises important questions about risk and consumer impact — particularly as it departs from a model designed to deliver the fullest possible view of borrower creditworthiness.

A tri-merge report offers lenders the most detailed and balanced view of a consumer's credit profile, helping to mitigate risk and ensure equal access to credit. In contrast, a single bureau model, where anything less than a tri-merge credit report is used, risks excluding critical data, misrepresenting consumer risk and amplifying disparities in mortgage eligibility. Removing data from a credit decision fundamentally degrades the quality of that decision.

Following our **tri-merge to bi-merge analysis**, we also wanted to assess the implications of a single bureau approach, so TransUnion simulated and analyzed it. The goal was to answer the following questions:

- **How does leveraging a single bureau report affect consumer eligibility for mortgages?**
- **What are the financial consequences for consumers, lenders and investors when credit tiers shift due to incomplete data?**
- **How might this change introduce new risks into the mortgage market — and what does that mean for long-term housing stability?**

Less data means more risk

Moving from a tri-merge model to a single bureau model introduces significant volatility into mortgage lending decisions — with real consequences for consumers, lenders, investors and the broader economy.

Here are the key findings:

1 Credit scores aren't consistent across bureaus — and that matters

It's important to note each bureau may hold slightly different credit data due to variations in reporting practices, update cycles and creditor participation. As a result, scores returned by each bureau can differ, even when using the same scoring model. Furthermore, financial innovation has led to many new lenders and loan products, all of which are not equally furnished to all NCRAs.

When only one bureau, selected at random, is used, **31% of consumers experience a shift of more than 10 points** compared to the tri-merge report. While that may sound modest, even small score changes can push borrowers across key credit thresholds — especially around the 620 mark, which determines eligibility for agency-backed mortgages. In addition, 0.63% of consumers saw shifts of 100 points or more. That's over 6,000 people in a sample of 1 million. When extrapolated nationally, it represents hundreds of thousands of consumers whose creditworthiness could be dramatically misrepresented.

These shifts were symmetrical — meaning roughly equal numbers of consumers saw their scores go up or down. In aggregate, these shifts offset each other so the net impact may seem negligible. The individual impact— and the impact to the mortgage economy — however, can be quite significant. Consumers who qualify for a mortgage with a single credit report may be put into homes they can't afford, and consumers who don't qualify with a single report but would have under the tri-merge model will no longer be able to qualify. Further, this randomness introduces variability into the underwriting process, which could lead to investors pricing for the variability, potentially making mortgages more expensive. undermining the consistency and fairness tri-merge provides.

2 Millions could lose access to affordable mortgages

The simulation found **4.4 million consumers** who would qualify for agency mortgages under a tri-merge model would become ineligible under a single bureau model. That's not just a statistical anomaly — it's a systemic exclusion of creditworthy borrowers due to incomplete data.

A single score approach **could disqualify 4.4 million borrowers** who qualify under tri-merge.

3 Consumers pay more — or take on risk they shouldn't

When scores drop due to bureau selection, consumers often fall into higher-risk pricing tiers, resulting in higher interest rates. This shift leads to an additional aggregated **$6.5 billion interest paid** by consumers — a direct financial burden on households.

At the same time, the simulation projects **300,000 consumers** could be approved for mortgages they wouldn't qualify for under a tri-merge model. This type of misclassification — where lenders lack a complete credit picture — was a critical factor in the 2008 financial crisis. Then, widespread approval of risky loans to borrowers who could not afford them led to a surge in defaults and foreclosures, triggering systemic instability and a taxpayer-funded bailout. Repeating such practices now risks recreating the same conditions for today's $13 trillion residential mortgage market.

Single bureau scoring could have consumers paying – in aggregate – **$6.5B more in interest** if a report pushes them down a tier.

4 Investors — and market stability — lose out

From an investor perspective, the shift to a single bureau model could result in **$9 billion less in interest income** to compensate for elevated risk. That's not just a hit to profitability — it's a potential destabilizer for the secondary mortgage market, which relies on accurate risk-based pricing.

5 Raises mortgage insurers' pricing concerns

For mortgage insurers, the absence of robust, detailed data will lead to concerns over underpricing mortgage credit risk. In the past, mortgage insurers have warned such a move could both distort prices and, by extension, distort risk-based capital requirements.

Implications for lenders

The proposed policy shift to a single bureau credit report introduces unnecessary risk and could erode trust in the mortgage process by undermining the reliability of credit-based decisioning. The implications for lenders are broad and deep:

1. Scoring inconsistency from a single bureau pull introduces volatility into underwriting decisions and **increases the likelihood of misclassifying consumer risk**. Making decisions based on incomplete data could lead to missed opportunities — consumers who would qualify under tri-merge may be excluded — and increased risk — others may be approved for loans they can't afford.

2. It also **complicates pricing, risk modeling and investor confidence** — especially in a market where precision and predictability are paramount.

3. **Opportunity for gaming goes up**. A single-bureau mortgage environment offers ample incentive for lenders and consumers to shop for the credit report most likely to close a deal. TransUnion's analysis finds sufficient variance in credit reports that consumers may appear in different risk-tier categories from one report to another. Lenders or consumers picking the report with the highest score could lead to mortgages being priced at rates that do not accurately represent the risk government-sponsored enterprises (GSEs) would be undertaking. While that helps lenders in the short term, it burdens Fannie Mae and Freddie Mac with loans underwritten by credit reports cherry-picked to ensure success. Long-term, that means more taxpayer risk and more opportunity for consumers to face painful foreclosure if they're unable to meet the terms of a mortgage they can't afford. This could also lead to an artificial inflation of credit scores which could pose a risk to the overall economy, not just the housing market.

4. The industry is currently in the process of adopting new scoring models. Any change to the current tri-merge standard **might disrupt implementation of the new scores** and delay rollout.

TransUnion's recommendation

We remain **an ardent supporter of the tri-merge credit reporting model** for mortgage underwriting. Using all available information provides a more complete, consistent view of consumer creditworthiness. This more holistic approach not only protects lenders and consumers from the unintended consequences of data exclusion but also reinforces the safety and soundness of the mortgage system. By ensuring that underwriting decisions are based on robust and inclusive data, we help preserve financial stability while advocating for a system that benefits all market participants—with consumers at the center.

As the industry continues to evolve, we encourage lenders, policymakers and partners to prioritize transparency and risk mitigation in credit decisioning. At TransUnion, we are committed to supporting that mission — through data-driven insights, responsible innovation and continued advocacy for models that serve the full credit ecosystem.

©2025 TransUnion, its subsidiaries and/or affiliates. All Rights Reserved. | US-FS-25-3772052

To learn more about our findings, reach out to your account representative or email TU_Mortgage@transunion.com.