



# LEGAL UPDATE NEW YORK

## New York Restricts Use of Credit History in Employment Decisions

On Dec. 19, 2025, New York passed a [law](#) restricting the use of an employee's credit history in making employment decisions in most circumstances. The law is scheduled to take effect on April 18, 2026.

### Overview of the New Law

Under the new law, employers are prohibited from requesting or using the consumer credit history of an applicant or employee for employment purposes, or otherwise discriminating against an applicant or employee in regard to hiring, compensation, or the terms, conditions or privileges of employment based on their consumer credit history.

**Consumer credit history** means an individual's creditworthiness, credit standing, credit capacity or payment history, as indicated by a consumer credit report, credit score or information an employer obtains from an individual regarding credit account details, bankruptcies, judgments or liens.

### Exceptions

However, these requirements do not apply with respect to:

- Employers, or agents thereof, that are legally required to use an individual's consumer credit history for employment purposes;
- Peace officers, police officers, law enforcement positions or positions with an investigative function in a law enforcement agency;
- Appointed positions that are subject to background investigations by a state agency and in which a high degree of public trust has been reposed;
- Positions required to be bonded under law;
- Positions with a legally required security clearance;
- Nonclerical positions having regular access to trade secrets, intelligence information or national security information;
- Positions with signatory authority over third-party funds or assets valued at \$10,000 or more or that involve a fiduciary responsibility to the employer with the authority to enter into financial agreements valued at \$10,000 or more on behalf of the employer; or

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### Highlights

#### Dec. 19, 2025

New York passes a law restricting employers from using employee credit information in making employment decisions.

#### April 18, 2026

The new law takes effect.

**Effective April 18, 2026, New York employers may not use an employee's credit history in most circumstances.**

- Positions with regular duties that allow the employee to modify digital security systems established to prevent the unauthorized use of the employer's or client's networks or databases.

In addition, employers may request or receive consumer credit history information pursuant to a lawful subpoena, court order or law enforcement investigation.

### Next Steps for Employers

In anticipation of the new law, employers may consider reviewing current hiring and onboarding practices to ensure that they do not request or use an applicant's or employee's consumer credit history in making employment decisions for positions in New York or with respect to individuals located in New York, unless subject to one of the enumerated exceptions. New York City employers are likely already familiar with and in compliance with these requirements, as the new state law largely tracks a similar New York City law.