

# False Credit Reporting Lawsuit Against Specialized Loan Servicing (SLS) Headed for Trial in Los Angeles.

*Specialized Loan Servicing (SLS) Falsely Reported a Bankruptcy on Sergio Larios' Credit Reports for Several Months. Mr. Larios takes SLS To Trial in March.*

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*Robert F. Brennan*

Loan Servicing (SLS) allegedly listed a California consumer, Sergio Larios, as being in bankruptcy, when in fact Mr. Larios has never declared bankruptcy. Further, Mr. Larios was current on his loan with SLS. The false bankruptcy reporting ruined Mr. Larios' credit and allegedly prevented him from obtaining a much-needed refinance loan in the spring of 2017.

SLS services mortgages for investors. Part of servicing is handling the credit reporting for the mortgages. In late 2016, SLS took over servicing a mortgage loan Mr. Larios had on a residential property in San Fernando. SLS ran Mr.

Larios' social security number in a national database for bankruptcy filings, and the results came back with a positive hit.

It turns out that a completely unrelated entity, an ambulance company in a different state, has a corporate tax I.D. number which is numerically identical to Mr. Larios' social security number. However, corporate tax I.D. numbers are formatted differently: 2 digits-seven digits for tax I.D. numbers versus 3 digits-2 digits-4 digits for social security numbers. SLS' system allegedly was not designed to detect this discrepancy, and the Chapter 11 bankruptcy for the ambulance company was credit-reported on Mr. Larios' SLS tradeline.

Mr. Larios called SLS to straighten out the problem and thought he had had it resolved in late 2016. He had to apply for loans to refinance the SLS mortgage, which was coming due in May of 2017, and submitted applications to two mortgage lenders. Both lenders rejected the loan applications because of the bankruptcy on the SLS tradeline.

Mr. Larios was not able to obtain a loan to refinance the SLS mortgage, and SLS pursued a

foreclosure on the property. Mr. Larios hired attorneys Robert F. Brennan, Esq. and Stephanie Tatar, Esq. to stop the foreclosure and to bring a [false credit reporting](#) lawsuit against SLS.

“California law protects consumers from false credit reporting. A lot of banks, lenders and mortgage servicers think that false credit reporting is no big deal, but daily I see the damage that even a small credit reporting error can create. In Mr. Larios’ case, this was no small credit reporting error—SLS reported him as being in bankruptcy, and this made it impossible for him to refinance the very loan where the bankruptcy was being reported,” comments Robert Brennan. Mr. Brennan notes that the trial will proceed in a downtown Los Angeles courtroom on March 28, 2022. “We will be seeking from SLS all of the damages that it caused to Mr. Larios. It seems to me that SLS thinks its false credit reporting of the bankruptcy was no big deal, but I believe a jury will help SLS understand the seriousness of damaging someone’s [credit reputation](#).”

Case information: Sergio Larios v. SLS, et al., Los Angeles Superior Court Case No. 18 STCP 02482.

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