

CONSUMER ADVISORY

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By Attorney General Tom Miller

Your Credit Report & Credit Score

Your credit report and credit score are the keys to you getting a credit card, a home or car loan, an apartment, insurance, a job, or simply a better interest rate. A **credit report** includes information about your financial history. The information includes where you have lived, how you've paid your bills, and whether you've defaulted—including missed payments, repossessions, foreclosures, tax liens and bankruptcies. A **credit score** is a credit reporting company's three-digit scoring system that creditors use to help determine whether to give you credit and, if so, what kind of credit terms.

Because so much rides on your credit history—especially if something is incorrect—you should periodically check your credit report, especially several months prior to obtaining a mortgage, refinancing, or car loan.

Getting your credit report: The law entitles you to one free credit report per year from each credit reporting company: Equifax, Experian, and TransUnion. To obtain your free reports:

- Online: www.annualcreditreport.com. *This is the only official website* for ordering your free credit report.
- Phone: 1-877-322-8228 (toll-free)
- Mail: Complete the Annual Credit Report Request Form, available at www.ftc.gov/credit, and mail it to: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281.

You may request free reports from all three credit reporting companies at the same time. You may also choose to rotate your requests to the three companies once every four months, which enables you to monitor your credit throughout the year. You should periodically review your credit report to make sure it is accurate and complete. Monitoring your credit report also helps you ensure that someone has not sought credit or opened accounts under your name.

If there are errors: Under federal law, credit reporting companies—and those who provide information to them—are responsible for correcting inaccurate or incomplete information in your credit report. If you find an error, tell the credit reporting company, in writing, what information you think is inaccurate. Credit reporting companies must investigate the items in question—usually within 30 days—unless they consider your dispute frivolous. The credit reporting company is required to correct, complete, or delete any information that is erroneous, incomplete, or unverified. The company must give you the written results and a free copy of your report if the dispute results in a change. If an item is changed or deleted, the credit reporting company cannot put the disputed information back in your file unless the information provider verifies that it is accurate and complete.

Negative information: Credit reporting companies can include most accurate negative information for seven years and bankruptcy information for ten years. There is no time limit on reporting information about criminal convictions. Information about a lawsuit or an unpaid judgment against you can be reported for seven years or until the statute of limitations runs out, whichever is longer.

Credit Score: Your credit score is based on your credit history. Errors in your credit report can adversely affect your credit score, which lenders use to evaluate you as a borrower. You are entitled under the law to access your credit score from the national credit reporting companies. The companies are allowed to charge a reasonable fee for providing your score.

Improving Your Credit Score: Credit reporting companies develop their own credit scoring formulas. Since your credit score is based on your credit history, your financial track record determines whether your score goes up or down. Pay your bills on time, establish credit but don't apply for too many credit accounts or credit cards, and don't max out your credit limits. Keep your balances as low as possible.