



Credit Reports

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Your credit report is your financial report card.

- It tells how you borrowed money and your history of how and when you paid it back. It also indicates how much of your available credit you use.
- The better your credit report, the better your credit score—and the better the credit terms that will be available to you for a mortgage, auto loan, or credit card.
- Credit reports are also used by organizations for screening employment, insurance and other applications.

It is important to check your credit report regularly.

- At least once per year, and especially before applying for a credit card, auto, or mortgage loan, it's important to check your credit report for accuracy. Errors on a credit report could hurt your chances of getting a loan with favorable terms.
- According to a 2014 ABA survey of U.S. adults conducted by Ipsos Public Affairs, 60 percent have checked their credit report in the past year.
- Federal law allows you to get one free copy of your credit report from each credit reporting agency every year. To get a free copy of your credit report(s), visit www.annualcreditreport.com or call 1-877-322-8228.
- Only incorrect or outdated information (negative items over seven years old) can be removed from your credit record. No one can remove legitimate items, including companies who claim they can do it for a fee.
- Consumer protection laws ensure you can get all the information you need to correct inaccurate credit reports. Under the Fair Credit Reporting Act, a credit bureau has 30 days to investigate disputed items. If the credit bureau is unable to confirm the accuracy of the disputed item within that time, they must remove it from your credit report.

Beware of “credit doctors” or others who promise to fix your credit history.

- The only thing that can repair an accurate - but negative - credit report is time and a positive payment history.
- “Credit doctors” promise to “fix” your credit report – that’s not possible. In most cases, their “cure” is worse than the illness.
- Some credit repair scams are illegal. “Credit doctors” guarantee a whole new and perfect credit record. In most cases, they’ll give you a social security number that belongs to someone who has good credit. This is fraudulent and will only make your problems worse.
- Generally, negative credit information that is accurate stays on your credit report for seven years. (If it hasn’t been removed after seven years, ask the credit reporting agency to do so.) If you have filed for personal bankruptcy, that fact stays on your report for ten years.

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If you have a blemished credit record, there are steps you can take to rebuild it:

- **Pay your bills on time.** A positive payment history is one of the most important factors that lenders consider when you apply for a loan.
- **Watch for warning signs of credit trouble.**
If you pay only the minimum balance, pay late or use cash-advances to pay daily living expenses, you might be in the credit “danger zone.” **For more information on debt management, contact the National Foundation for Credit Counseling (www.nfcc.org).**
- **Don’t use too much of your available credit.**
To boost your credit score, try not to use more than about 30 percent of your available credit on any credit card.
- **Don’t skim—read the fine print.**
A loan or credit card application is a contract, so read it thoroughly before signing. Be aware of introductory rates that expire, as well as the length of monthly billing cycles.
- **Ask questions.**
If you don’t understand the terms of a loan, ask. If you’ve been denied credit, find out why and then ask the lender how you can improve your chance for approval in the future.
- **Set a budget and stick to it.**
Develop a financial plan to keep your finances in order. **Don’t spend more than you can repay and don’t “max out” your credit cards.**

Credit Report Facts

- Credit bureaus get information from creditors such as banks, credit card issuers and auto finance companies. They also get information from public records such as property or court records.
- Consumers should review their credit report annually to look for inaccuracies, fraud or mistaken identities.
 - Errors should be reported directly to the credit reporting agency and can usually be reported quite easily by viewing your credit report online:
Equifax: 1-800-685-1111 www.equifax.com
Experian: 1-888-397-3742 www.experian.com
TransUnion: 1-800-888-4213 www.transunion.com
 - If an error is found, the credit reporting agency must investigate and respond within 30 days.
- Consumers are entitled to one free credit report per year from each of the three credit reporting agencies. The best way to get your free annual credit report from all three agencies is by calling the Federal Trade Commission at (877) 322-8228 or visiting www.annualcreditreport.com.
- Credit reports do not contain credit scores. They must be purchased separately from each credit reporting agency.