



# Credit Report

Credit reporting agencies maintain files on millions of borrowers. Lenders making credit decisions buy credit reports on their prospects, applicants and customers from the credit reporting agencies.

## What's in my credit report?

Your report details your credit history as it has been reported to the credit reporting agency by lenders who have extended credit to you. Your credit report lists your name, any other names you've used, current and previous addresses, occupation, social security number, what types of credit you use, the length of time your accounts have been open, and whether you've paid your bills on time. It tells lenders how much credit you've used and whether you're seeking new sources of credit. It gives lenders a broader view of your credit history than do other data sources, such as a bank's own customer data. Updates to this information come from information you supply to lenders.

### 1. Identifying Information.

Your name, address, Social Security number, date of birth and employment information is used to identify you. These factors are not used in credit scoring. Updates to this information come from information you supply to lenders.

### 2. Trade Lines

These are your credit accounts. Lenders report on each account you have established with them. They report the type of account (bankcard, auto loan, mortgage, etc), the date you opened the account, your credit limit or loan amount, the account balance and your payment history.

### 3. Credit Inquiries

When you apply for a loan, you authorize your lender to ask for a copy of your credit report. This is how inquiries appear on your credit report. The inquiries section contains a list of everyone who accessed your credit report within the last two years. The report you see lists both "voluntary" inquiries, spurred by your own requests for credit, and "involuntary" inquiries, such as when lenders order your report so as to make you a pre-approved credit offer in the mail.

### 4. Public Record and Collection Items

Credit reporting agencies also collect public record information from state and county courts, and information on overdue debt from collection agencies. Public record information includes bankruptcies, foreclosures, suits, wage attachments, liens and judgments.

## Credit Inquiries

When you apply for credit, you authorize those lenders to ask or "inquire" for a copy of your credit report from a credit bureau. When you later check your credit report, you may notice that their credit inquiries are listed. You may also see listed their inquiries by businesses that you don't know. But the only inquiries that count toward your credit score are the ones that result from your applications for new credit.

## Fixing credit report errors

To insure that the mistake gets corrected as quickly as possible, contact both the credit bureau and organization that provided the information to the bureau. Both these parties are responsible for correcting inaccurate or incomplete information in your report under the Fair Credit Reporting Act.

First, tell the credit bureau in writing what information you believe is inaccurate. The credit bureau must investigate the item(s) in question – usually within 30 days – unless they consider your dispute frivolous. Include copies (NOT originals) of documents that support your position. In addition to providing your complete name and address, your letter should:

- Clearly identify each item in your report you dispute.
- State the facts and explain why you dispute the information.
- Request deletion or correction.

You may want to enclose a copy of your report with the items in question circled. Your letter may look something like this sample. Send your letter by certified mail, return receipt requested, so you can document that the credit bureau received your correspondence. Keep copies of your dispute letter and enclosures.

Second, write to the appropriate creditor or other information provider, explaining that you are disputing the information provided to the bureau. Again, include copies of documents that support your position. Many providers specify an address for disputes. If the provider again reports the same information to a bureau, it must include a notice of your dispute. Request that the provider copy you on correspondence they send to the bureau. Expect this process to take between 30 and 90 days.

In many states, you will be eligible to receive a free credit report directly from the credit bureau, once a dispute has been registered, in order to verify the updated information. Contact the appropriate credit bureau to see if you qualify for this service

## Frequently Asked Questions

### Q. Why is my credit report important?

A. Your credit report is important because lenders, insurers, employers, and others may obtain your credit report from credit bureaus to assess how you manage financial responsibilities. For example:

- Lenders may use your credit report information to decide whether you can get a loan and the terms you get for a loan (for example, the interest rate they will charge you).
- Insurance companies may use the information to decide whether you can get insurance and to set the rates you will pay.
- Employers may use your credit report, if you give them permission to do so, to decide whether to hire you.
- Telephone and utility companies may use information in your credit report to decide whether to provide services to you.
- Landlords may use the information to determine whether to rent an apartment to you.

### Q. Who collects and reports credit information about me?

A. There are three major credit bureaus--Equifax, Experian, and TransUnion--that gather and maintain the information about you that is included in your credit report. The credit bureaus then provide this information

in the form of a credit report to companies or persons that request it, such as lenders from whom you are seeking credit.

**Q. Where do credit bureaus get their information?**

A. Credit bureaus get information from your creditors, such as a bank, credit card issuer, or auto finance company. They also get information about you from public records, such as property or court records. Each credit bureau gets its information from different sources, so the information in one credit bureau's report may not be the same as the information in another credit bureau's report.

**Q. How can I get a free copy of my credit report?**

A. You can get one free credit report every twelve months from each of the nationwide credit bureaus-- Equifax, Experian, and TransUnion --by visiting [www.annualcreditreport.com](http://www.annualcreditreport.com) or calling (877) 322-8228.

You will need to provide certain information to access your report, such as your name, address, Social Security number, and date of birth. You can order one, two, or all three reports at the same time, or you can request these reports at various times throughout the year. The option you choose will depend on the goal of your review. A report generated by one of the three major credit bureaus may not contain all of the information pertaining to your credit history. Therefore, if you want a complete view of your credit record at a particular moment, you should examine your report from each bureau at the same time. However, if you wish to detect any errors and monitor changes in your credit profile over time, you may wish to review a single credit report every four months.

**Q. Who else is allowed to see my credit report?**

A. Because credit reports contain sensitive personal information, access to them is limited. Credit bureaus can provide credit reports only to lenders from whom you are seeking credit; lenders that have granted you credit; telephone, cell phone, and utility companies that may provide services to you; your employer or prospective employer, but only if you agree; insurance companies that have issued or may issue an insurance policy for you; government agencies reviewing your financial status for government benefits; and anyone else with a legitimate business need for the information, such as a potential landlord or a bank at which you are opening a checking account. Credit bureaus also furnish reports if required by court orders or federal grand jury subpoenas. Upon your written request, they will also issue your report to a third party.

**Q. How long does negative information, such as late payments, stay on my credit report?**

A. Generally, negative credit information stays on your credit report for seven years. If you have filed for personal bankruptcy, that fact stays on your report for ten years. 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. Information about criminal convictions may stay on your credit report indefinitely.

**Q. Will my credit score drop if I apply for new credit?**

A. If it does, it probably won't drop much. If you apply for several credit cards within a short period of time, multiple inquiries will appear on your report. Looking for new credit can equate with higher risk, but most credit scores are not affected by multiple inquiries from auto, mortgage or student loan lenders within a short period of time. Typically, these are treated as a single inquiry and will have little impact on the credit score.

**Source:** [www.myfico.com](http://www.myfico.com)