

C an What You Don't Know Hurt You?

Judy Matlick
Extension Agent, Jefferson County

Deborah Shriver
Extension Agent, Marion County

Why Is a Credit Report Important?

When someone else looks at your credit record, you want to look your best. If you are going to be applying for a loan, looking for a new job, or taking out a new insurance policy, you want to know what's in your credit report.

What Is a Credit Report?

A credit report is a summary of information about you that includes your credit history. The information is collected by a credit reporting agency, often called a credit bureau.

A summary or credit report is then sold to those who need that information. These people must also have a right to be able to obtain that information.

If you have ever applied for a credit or charge account, a personal loan, an insurance policy, or a job, you have a credit record on file. Your credit record contains information about your income, debts, and credit payment history. It also indicates whether you have been sued or arrested or have filed for bankruptcy.

The Fair Credit Reporting Act and Your Credit Report

In 1971, Congress enacted the Fair Credit Reporting Act. This legislation gave consumers a number of protections as far as their credit reports are concerned. The Consumer Credit Reporting Reform Act of 1996 updated the 1971 legislation.

How Do I Find Out What Is in the Report?

It is a good idea to get a copy of your credit report so that you can be sure there is no incorrect infor-

mation in it. It is not unheard of to have mistakes or even someone else's information on your credit report.

How Do I Get a Copy of My Credit Report?

If you have been turned down for credit because of information in your credit report, you are entitled to a free copy of your credit report from that bureau.

The rejection letter you received from the lending institution must list the credit bureau from which it got the credit report. Save that letter!! Call that company as soon as possible. Tell the representative you have been turned down for credit and find out how to get a copy of your credit report.

If you have not been denied credit, you can contact one or more of the three major credit bureaus and find out how to get a copy of your credit report. (The names and phone numbers of the major credit bureaus are listed at the end of this document.)

Which company should you get a credit report from? If you will be applying for credit soon, call that lending institution. Talk to someone in the consumer lending department and ask which credit bureau the institution uses.

Since this is the company the lender will be getting its credit report from, you probably will want to get your first credit report from that company. If this credit report is accurate, it is your decision whether to get a report from another credit bureau.

If your file contains accurate negative information, only time and good credit habits will restore your credit worthiness. There are some exceptions, but *most* negative information stays in your file for only seven years.

How to Correct Errors

The law allows you to request a reinvestigation of information in your file that you believe to be inaccurate or incomplete. There is no charge for this.

Ask the credit reporting agency for a dispute form or submit your dispute in writing, along with any supporting documentation. Be as specific as you can about the incident that you think is in error.

Be concise. Be sure to include all information necessary to resolve your dispute. This might include your name, address, Social Security number, and phone numbers where you can be reached.

It would be a good idea to return the form or letter by some means that you can use later to verify that you did send a letter. This probably would be certified mail, with return receipt requested.

Be sure to keep the paperwork from the post office as well as a copy of the letter you sent. If there is a question later, this would prove that the credit bureau received your letter.

Credit bureaus have 30 days to investigate and make corrections. If you send the credit bureau additional information relevant to your dispute, the bureau can have 15 more days to complete the investigation. If you do not hear from the credit bureau in 30 days, write again, enclosing a copy of your original letter of dispute.

If the reinvestigation is not resolved to your satisfaction, have the credit bureau include a summary of your version of the dispute in your file and in future reports. Be sure your statement is factual, clearly stated, and to the point. You may be limited to 100 words. If you have additional documentation to support your position, be sure to mention that it is available.

Credit Repair

Beware of companies offering credit repair. These credit repair companies cannot legally remove accurate and timely negative information from a credit report.

There is nothing that a credit repair company can do for you that you cannot do for yourself for little or no cost.

References

Dutweiler, Gerri. *The Ultimate Credit Handbook: How to Double Your Credit, Cut Your Debt, and Have a Lifetime of Great Credit*. New York: Penguin Books, 1997.

Federal Trade Commission. *Building a Better Credit Report: What to Do, What to Avoid. FTC Facts for Consumers - Credit and Your Consumer Rights*. (June 1996). <http://www.ftc.gov/bcp/online/pubs/credit/crdtrights.htm>

FTC Fast Facts - Credit Repair: Self-Help May Be Best. (August 1996). <http://www.ftc.gov/bcp/online/pubs/credit/repair.htm>

The Three Major Bureaus Are:

- ◆ Equifax, P.O. Box 740241, Atlanta, GA 30374. Phone: 1-800-685-1111
- ◆ Experian, (formerly TRW). To request a free copy of your credit report, call 1-800-682-7654 for instructions on how to write for it.*
- ◆ TransUnion, P.O. Box 390, Springfield, PA 19064-0390. Phone: 316-636-6100

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