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Repair Your Credit Now!

Whether you like it or not, your credit score is a major factor in your ability to do certain things in life. For instance, your credit report could be pulled before you apply for a home mortgage loan, apply for a job, rent an apartment, obtain new credit or insurance, or even when you sign up for new cell-phone service. The strength of your score might determine whether or not you qualify for these services and positions and how much you will have to pay in interest for certain things. Obviously your credit matters. That is why it is so important to check your credit and correct it of any errors.

According to ConsumerReports.org, each year American consumers find 13 million inaccuracies on their credit reports. Yet a survey by the U.S. Government Accountability Office in 2004 found that over 40 percent of consumers have not ever checked their credit reports for accuracy. If you count yourself as part of that 40 percent, now is the time to break out of your complacency and protect your credit from errors. You are entitled to pull one copy from each of the three major credit reporting bureaus (Experian, Equifax, and TransUnion) for free one time a year. (Any additional copies will be available for a charge, as is your actual credit score.)

Once you have a copy in hand, start by checking to make sure your name, address, and social security number are all listed correctly. Not all inaccuracies will be changed by the credit bureaus though. For example, according to statements by Donald Girard, spokesman for Experian, quoted in a ConsumerReports.org article, "If you recently paid down your credit-card balance to zero but the credit bureau shows a three-month-old balance of \$8,000, that's not a disputable error as long as the outdated balance was correct as of the reporting date." Neither will credit bureaus always report your credit limit if your creditors do not provide that information. While this missing information can be detrimental to your score, only your creditor can provide it, not you.

If you do find mistakes that you can correct, however, send a letter to each credit bureau with documentation of the error and the corrected information. After the updates are received, credit bureaus can take up to 30 days to look into the problem and correct it. By and large, the bureaus do clean up the records in consumers favor according to the GAO survey. It found that 70 percent of consumers filing credit disputes saw the errors removed, while 23 percent said the errors remained. (Seven percent were unsure.)

If the credit bureaus do not remove or correct the false information, by law you can add a 100-word statement to your credit report explaining your take on the matter. This will be helpful for creditors that really pore over your credit report, but it will not be factored into your credit score, so you may have to explain the dispute to potential creditors anyway.

Be sure to check your credit score several months after any disputes to see if the information has been removed and if it has resurfaced again. It can take anywhere from 30 days to 6 months to see an improvement in your score after correcting mistakes on your report. The bottom line is: be vigilant in keeping your credit report accurate and free from false information in order to protect your credit!