

How To Dispute

Errors On Your Credit Reports

Consumer Alert!

By Edward Tonini, Director of Education.

1-888-995-7856 **ALLIANCE**
Credit Counseling

- **4 out of 5 credit reports contain errors**
- **“Inaccurate credit reports could damage one in four consumer’s ability to buy a home, rent an apartment, obtain credit, open a bank account, or even get a job,”**

Ed Mierzwinski, PIRG consumer programs director
(Source: www.money.cnn.com/2004/06/17/pf/debt/credit_report)

Your credit reports give businesses a financial “snapshot” of you. Businesses buy these reports from credit bureaus and use them to make important decisions about you. Did you know that you are responsible for the accuracy of your reports?



What Is A Credit Report?

A credit report is a statement produced by a credit bureau. There are three nationwide credit bureaus (also called credit reporting agencies, or credit reporting companies): Equifax, Experian, and TransUnion. These companies collect information about you from your creditors and public records and sell it to other businesses.

What Is A Credit Report Error?

Errors on a credit report typically consist of information that is incomplete, inaccurate or duplicated. These mistakes are not a result of bad intent on the part of the credit bureau; they can occur in many different ways. Each credit bureau creates its own report about you from information it has collected independently. Additionally, there is no current law that requires credit bureaus to verify the accuracy of the information they have collected before reporting it. As a result, your credit reports don't always agree entirely and it is common to have incorrect information on one or more of your reports. The fact that these errors are common is cause for concern.

Do Your Reports Contain Errors?

You won't know if your credit reports contain errors until you check! Legislation was passed to make it easier for you to check your credit reports for accuracy and to report errors. A sidebar on this page tells you how to get your credit reports.

Free Annual Credit Reports - An amendment to the federal Fair Credit Reporting Act requires each of the major nationwide consumer reporting companies to provide you with a free copy of your credit reports, at your request, once every 12 months. To order your free annual report from one or all three national consumer reporting companies, go to the **only authorized source**: www.annualcreditreport.com, or call toll-free **877-322-8228**. You should receive it within 15 days.

For Other Ways To Obtain Credit Reports - refer the Alliance publication: *How To Check Your Credit Reports*. www.knowdebt.org/education.php.

Why Dispute Errors On Your Credit Reports?

It can cost you plenty if you don't check your credit reports and dispute any errors. Errors on your reports can prevent you from getting a credit card, a loan, a mortgage, insurance, or even a job. These errors can negatively affect the terms and rates you get.



Alliance Tip: Be cautious of “credit repair” offers. The Federal Trade Commission has stated, “the truth is, they can't deliver... Everything a Credit Repair Clinic can do for you legally, you can do for yourself at little or no cost.”

(Source: www.ftc.gov/bcp/online/pubs/credit/repair.htm)

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Steps For Correcting Errors

Under federal law - the Fair Credit Reporting Act - both the credit bureau and the organization that provided the information have responsibilities for correcting inaccurate or incomplete information on your report. The Federal Trade Commission (FTC) gives the following advice:

1. Send a letter to the credit bureau.

- Provide your complete name, address and social security number.
- Clearly identify each item that you dispute on your report. You may want to enclose a copy of your report with the items in question circled.
- For each item, state the facts and explain why you dispute the information. Include copies (not originals) of documents that support your position.
- Request they correct or delete the disputed information.
- Send the letter by certified mail, return receipt requested.
- Keep copies of your letter and enclosures.

Equifax

P.O. Box 740256
Atlanta, GA 30374
1-800-685-1111
www.equifax.com

Experian

P.O. Box 9595
Allen, TX 75013
1-888-397-3742
www.experian.com

TransUnion

P.O. Box 403
Springfield, PA 19064
1-800-916-8800
www.transunion.com

Sample Dispute Letter

Date

Your Name
Your Address
Your City, State, Zip Code

Complaint Department
Name of Credit Reporting Agency
Address
City, State, Zip Code

Dear Sir or Madam:

I am writing to dispute the following information in my file. The items I dispute are also encircled on the attached copy of the report I received. (Identify item(s) disputed by name of source, such as creditors or tax court, and identify type of item, such as credit account, judgment, etc.)

This item is (inaccurate or incomplete) because (describe what is inaccurate or incomplete and why). I am requesting that the item be deleted (or request another specific change) to correct the information.

Enclosed are copies of (use this sentence if applicable and describe any enclosed documentation, such as payment records, court documents) supporting my position. Please reinvestigate this (these) matter(s) and (delete or correct) the disputed item(s) as soon as possible.

Sincerely,
Your name

Enclosures: (List what you are enclosing)

Credit bureaus must investigate the items in question – usually within 30 days – unless they consider your dispute frivolous. All relevant data from your letter, must be forwarded by the bureau to the information provider (creditor or other organization). When the information provider receives notice of a dispute from the bureau, it must investigate, review all the data it was forwarded, and report the results back to the bureau. If the information provider finds the disputed information is inaccurate, it must notify all nationwide credit bureaus so they can correct your file.

When the investigation is complete, the credit bureaus are required to:

- Delete the disputed information from your report if it could not be verified (such as an account that does not belong to you).
- Correct any information on your report that was found to be inaccurate.
- Complete any information on your report that was found to be incomplete (such as an account still showing past due if you are now current).
- Give you the written results of the investigation (and a free copy of your updated report, if there was any change).
- At your request, send notices of corrections to anyone who received your report in the past six months or send a corrected copy of your report to anyone who received a copy for employment purposes in the past two years.

2. Send a letter to the creditor, or other information provider. Follow the same guidelines from Step 1 (letter to the credit bureau). Know that many creditors have a specific address for disputes. After receiving your letter, if the information provider reports a disputed item to any credit bureau, it must include a notice of your dispute.

Be Aware

Reappearances

The credit bureau can put items that were changed or deleted back into your file if the information

provider later verifies its accuracy and completeness and if the bureau gives you a written notice that includes the name, address and phone number of the provider.

Accurate Negative Information

If there is negative information on your credit report and this information is accurate, only time will remove it. According to the FTC, it will stay on your report for 7 years (from the date of the last activity) with the following exceptions:

- Criminal convictions have no time limit.
- Bankruptcy information may be reported for 10 years.
- Credit information in response to an application for A) a job with a salary of more than \$75,000 or B) more than \$150,000 worth of credit or life insurance, has no time limit.
- Lawsuits or unpaid judgments may be reported for 7 years or until the statute of limitations runs out, whichever is longer.

Adding Account Information

All of your credit accounts might not appear on a credit report. Some travel, entertainment, gasoline card companies, local retailers, or credit unions don't supply information to credit bureaus. If you were denied credit because of an "insufficient credit file" or "no credit file", and you have an account (in good standing) that does not appear on your report, the FTC suggests that you ask the credit bureau to add it to your file. The bureaus are not required to do this, however, they might do it for a fee. Keep in mind, if the creditor does not regularly report to the bureau, the account won't be updated in your file.

The Final Word

If the investigation does not resolve your dispute, write a brief statement (less than 100 words) about your dispute. Send it to the credit bureau and ask that it be included in your file and in future reports. You also have the right to sue the credit bureau or information provider if you believe they violated the law, but remember a lawsuit can be costly and time consuming. Another course of action might be to report them to the Federal Trade Commission and to your state Attorney General.

Alliance Tip: Each credit bureau has an online dispute form and related information at its website. Using certified mail, however, will give you a legally verifiable record of your correspondence.

To Find Out More



- **Fair Credit Reporting Act** – the full text is at the Federal Trade Commission website: www.ftc.gov/os/statutes/fcra.htm.
- **How To Dispute Credit Report Errors** (FTC): www.ftc.gov/bcp/online/pubs/credit/crdtdis.htm.
- **7 Steps To Fixing Your Credit Report** (Bankrate.com): www.bankrate.com/brm/news/cc/20010906a.asp.