

Check Your Credit Reports

Consumer Alert!

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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)
- credit report errors could cost you \$5,000 to \$9,000 on a car loan, or \$50,000 to \$130,000 on a home mortgage.

(Sources: www.money.cnn.com/2004/06/17/pf/debt/credit_report/; www.consumerlawoffice.com/Credit_Report_Errors/Credit_Report_Errors.html)

Did you know that **you are responsible for the accuracy of your credit file**? Checking your credit reports is crucial to your financial health. When was the last time you checked yours? If it has been more than a year, then the time is now.

What Is A Credit Report?

A *credit report* is one statement of your credit history.

Certain companies collect information about you from your creditors and from public records. They keep this information on file and sell it for a profit. This type of company is commonly called a *credit bureau* (also called a credit reporting agency, or credit reporting company). There are three nationwide credit bureaus: Equifax, Experian, and TransUnion.

Each credit bureau creates their own report on you and because there is no single official or centralized collection of

information, these reports don’t always agree entirely. That fact is cause for concern.

Why Check Your Credit Reports?

Your credit reports may contain errors that can affect your ability to get a credit card, loan, mortgage, insurance, or even a job. These errors can negatively affect the terms and rates you get. Regularly checking your reports can help you catch serious issues, including identity theft.

How To Get Your Reports

Because it is so important, legislation was passed to make it easier for you to check your credit reports for accuracy and to report errors. The sidebar on this page lists the different ways you can 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.

Other Ways To Obtain Credit Reports - Under federal law, you’re entitled to a free report if a company takes adverse action against you, such as denying your application for credit, insurance, or employment. You must request your report within 60 days of receiving notice of the action. The notice will give you the name, address, and phone number of the consumer reporting company. You’re also entitled to one free report a year if you’re unemployed and plan to look for a job within 60 days; if you’re on welfare; or if your report is inaccurate because of fraud. Otherwise, a consumer reporting company may legally charge you up to \$9.50 for another copy of your report within a 12-month period.

To request or buy a copy of your reports, contact:

- **Equifax**: 800-685-1111
www.equifax.com
- **Experian**: 888-397-3742
www.experian.com
- **TransUnion**: 800-916-8800
www.transunion.com

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Alliance Tip: You should be cautious of “free credit report” offers from companies other than those previously mentioned. Often, the report does not turn out to be free or it is an incomplete version.

What Information Is On Your Credit Reports?

Once you have one of your credit reports, it can sometimes be challenging to understand what you are reading. This is partly because the format and content of the report from each credit bureau is not the same.

Each of the three major credit bureaus offer different kinds of credit reports. You will want a report for consumers (not the type you may get from a bank or lender, which will be very difficult to read). There are different consumer reports: a single report from one particular bureau, and a combined report of information from all three bureaus (called a “3-in-1 Credit Report”, or “Tri-bureau Report”). These reports are also available in different formats: one in print for mailing, and an electronic one you can access online.

All of these reports contain the following information:

- **Personal information** – your name, date of birth, Social Security Number, current and previous addresses, current and previous employers.
- **Account history** – a list of credit accounts that were opened in your name or that list you as an authorized user. The account details include the date the account was opened, the credit limit or loan amount, the payment terms, the balance, the current status, and your payment history (late payments, repossessions, charge-offs, collection activity, etc.).

These items stay on your credit report for 7 to 10 years from the date of their last activity.

- **Inquiries** – a list of any third parties (such as a lender, service provider, landlord, or insurer) that have requested your credit report in the last two years.
- **Public records** – a list of your liens, bankruptcies, foreclosures, overdue taxes, overdue child support, or legal judgments against you. These items usually stay on your report for 7 years.
- **Summaries** – for example, a section that provides a summary of all negative information.
- **Personal entries** – a brief statement written by you to explain an entry.

Understanding Your Reports

By law, each credit bureau is required to explain information on your credit report that you don’t understand. You can call for an explanation, but don’t hold your breath while you’re on hold. If you received your credit report by mail, it will usually include samples or explanations to help you understand it. **Each bureau has a sample of their reports, with explanations, available at their websites** (listed on page 1). At the website for each bureau, you can also find some educational information on credit issues. The Equifax website has a helpful glossary of terms, under the “Learning” menu, and a more extensive credit education site (www.mycrediteducation.com).

Credit Reports And Credit Scores

Your credit reports are separate from your credit scores. A credit score is a number that a company uses to rate your credit worthiness or your level of risk to a lender. Credit Scores can range from about 300 to 850. A higher number means you are more likely to pay back a debt. Your score affects your ability to get a credit card, loan, mortgage, insurance, or even a job. It also affects the terms you can get and the rates you will pay. If you want to know your score, you must purchase it from each credit bureau. For information on improving your credit scores, see the last section below.

Your Credit Report Rights

Under a federal law, called The Fair Credit Reporting Act, you have rights governing how credit bureaus use your information. Your rights include:

- **Having personal access to your credit reports**, upon your request.
- **Limiting who else can get your credit reports.** Only someone with a legitimate reason can see your credit file, such as a government agency, a lender or credit grantor (if you apply to them), your landlord, your employer (with your written permission), your insurance company, or any business or individual with your written permission. These people use your credit reports to help them make important decisions about you. Therefore, the accuracy of the information on your reports is critical.
- **Having errors on your credit report removed.** It is up to you to report errors to the credit bureau by sending them a credit report dispute (see the last section below). The credit bureau is required to investigate the dispute within 30 days. When the investigation is complete, they must give you the written results (and free credit report if anything changed). You are responsible for the accuracy of the information in your credit file, so you should check your reports at least once a year (perhaps quarterly).
- **Having outdated information deleted.** Negative information must normally be removed after 7 years (10 years for bankruptcies).
- **Being informed if you are denied credit.** You must be told why and how to contact the credit bureau that provided the negative information.
- **Adding fraud alerts or comments**, upon your request. You can add a fraud alert to your report if you have been a victim of identity theft and you can add a brief comment to your report if you wish to explain any item.
- **Removing your name from marketing lists** sold by credit bureaus, upon your request. To do this call 888-567-8688 or go online to www.optoutprescreen.com.
- **Suing for damages** anyone who violates the law to get your report.

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 Errors On Your Credit Reports** (Alliance): www.knowdebt.org/education.php.
- **Raising Your Credit Scores** (Alliance): www.knowdebt.org/education.php.