

- Request payment for credit repair services before they provide any services. It is never a good idea to pay for services **before** they are provided.
- Bombard credit reporting agencies with requests to verify information.
- Guarantee a new credit card for a fee.
- Promise to raise credit scores by adding account histories (“tradelines”) of other consumers.

Contact information for the three major credit reporting agencies:

EQUIFAX, PO Box 740241, Atlanta, GA, 30374, www.equifax.com,
1-800-685-1111

EXPERIAN, PO Box 919, Allen, TX, 75013, www.experian.com,
1-888-397-3742

TRANSUNION, PO Box 2000, Chester, PA, 19022, www.transunion.com,
1-800-916-8800

For further information, please contact:

New York State Consumer Protection Board



Advocating For and Empowering NY Consumers

Consumer Helpline

1-800-697-1220

www.nysconsumer.gov

David A. Paterson
Governor

Mindy A. Bockstein
Chairperson and Executive Director

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UNRAVELING THE MYSTERY BEHIND CREDIT REPORTS



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Consumers who obtain, review and understand their credit report can help guard against identity theft and ensure that their credit information is accurate when they apply for a loan, job or insurance. By doing so, they can also reduce their cost of borrowing.

“The best way to catch a thief using your name is by getting a copy of your credit report.” American Insurance Depot (a clearinghouse of credit materials).



The New York State Consumer Protection Board has prepared this information to assist consumers in accessing and understanding their credit reports.

Credit reporting agencies collect information on an individual's finances from numerous sources and make it available for a fee to entities such as financial institutions. Companies that lend money use information in credit reports to help them determine the individual's ability to repay the loan and assess a person's credit risk. Employers may also use credit report information in their employment decisions. Equifax, Experian and TransUnion are the three (3) major credit reporting agencies in the United States.



WHAT IS IN YOUR CREDIT REPORT?

Your credit report contains personal and financial information about you from a variety of sources. Adverse (**negative**) credit history can generally remain on your credit report **up to 10 years**. Information in your report includes:

- Personal information – current and recent addresses, telephone numbers, Social Security number, birth information, and employer information.
- Credit history – information on loans or accounts with creditors, including medical providers, credit cards, credit limits or loan amounts, account balances, and payment histories.
- “Public” records – information from courts, including arrests and convictions, as well as information regarding bankruptcies, judgments and liens.

Your FICO score considers all information in your credit report, including:

- Payment history (about 35% of FICO score)
- Amount owed and total credit limit (about 30% of FICO score)
- Length of credit history (about 15% of FICO score)
- New credit (about 10% of FICO score)
- Types of credit (about 10% of FICO score)

If you have been denied credit, the creditor must send you notice as to the reason. You are also entitled to a free copy of your credit report within 60 days. You should also receive the name of the credit reporting agency that provided the credit report upon which the credit issuer based its adverse decision. If you find an error in your credit report, make sure you get the information corrected before applying for credit again. At the very least, you can add a statement to your report explaining any entry.

CREDIT REPAIR SERVICES

Consumers should be wary of companies that make claims regarding credit repair. Generally, these companies don't do anything that consumers cannot do for themselves at little or no cost. Consumers should be especially wary of companies that:

- Guarantee to remove late payments or similar information from credit reports. Note that accurate and timely information cannot be removed from your credit report for up to seven years, even if you have paid off a once delinquent debt.
- Charge a high fee to repair credit. Consumers can request reinvestigations of the information in their credit report, at no charge.

After the investigation is complete:

- If the information cannot be verified, the credit reporting agency must remove the information from your credit report. At your request, the credit reporting agency will send a “notice of correction” to any creditor who has checked your report in the last six (6) months. A furnisher has an obligation to send notices to the other credit reporting agencies of any incorrect information.
- If the furnisher verifies the information within the time limit, the information must remain in your file. Even in that case, you may add a 100-word or less statement to your report explaining your position. The credit reporting agency must attach that information to your report. It will remain on your report for seven (7) years.

WHAT IS A CREDIT SCORE?



A credit score is a number that is calculated based on information in a credit report. It is intended to measure the individual’s credit risk.

The most widely used credit score, called a “FICO score,” usually ranges from 300 to 850. A higher score means less credit risk. Credit reporting agencies may each calculate a somewhat different FICO score because of differences in the information that is reported to those agencies. You are entitled to obtain your credit score from your lender free of charge when applying for a mortgage. You can obtain your credit score from a credit reporting agency for a reasonable fee. Errors in your credit report can affect your credit score and your ability to get a loan at a favorable interest rate. While you cannot dispute a low credit score, you can challenge information in your report.

The FICO score considers the number of inquiries or requests a lender makes over the past 12 months in calculating your score. A large number of inquiries can negatively affect your credit score. You may minimize this impact by shopping for a loan within a short period of time, since the FICO score counts multiple inquiries within a 14-day period as just one request. Generally, inquiries you make, account reviews, prescreening inquiries, and requests from employers are not counted in calculating your FICO score.

- A list of entities that have requested a copy of your report in the last year (two (2) years for employment purposes), including requests by creditors and yourself.
- Statement of dispute – you or your creditors may have submitted a statement regarding an item on your credit report that is in dispute.

YOU CAN GET A FREE COPY OF YOUR CREDIT REPORT

New York State residents have the right to obtain a free credit report once every 12 months from each of the three (3) major credit reporting agencies and specialty bureaus. You can obtain your free credit report in three ways:

On-line:

Complete the request form on-line at www.annualcreditreport.com. You should be able to access your credit report immediately. For your security, and to ensure that you are using the authorized request form, this website should be used. Do not contact the credit reporting agencies individually. The use of forms or information provided to other entities will not ensure that your personal information will be kept secure and used for proper purposes.

Dial:

Toll-free 1-877-322-8228. You will need to complete a verification process, and your report will be mailed to you within 15 days.

Mail:

Download the Annual Credit Report Request Form from the website above, and mail it to: Annual Credit Report Request Service, P.O. Box 105281, Atlanta, Georgia, 30348-5281. Your report will be mailed to you within 15 days.



Some companies offer a free credit report and a 30-day free trial of a credit monitoring service. Although many of these products are free, consumers should be aware that in some cases, if you don't call to cancel the credit monitoring service within 30 days, you may be billed for a year of that service.

Many financial advisors suggest that you obtain one free credit report at a time, spaced equally throughout the year. This may help you detect changes or verify new information and enable you to identify problems sooner than if all three credit reports are obtained at the same time.



In addition, you are entitled to a free credit report upon request when you:

- have been denied credit in the past 60 days;
- have been denied employment or insurance in the past 60 days;
- are unemployed and plan to apply for employment in the next 60 days;
- are on public assistance; or
- suspect that you have been or are about to become a victim of fraud, such as identify theft.

Otherwise, a credit reporting agency may charge up to \$9.50 for a copy of your credit report.

WHAT TO LOOK FOR ON YOUR CREDIT REPORT



Adverse information is usually considered obsolete and can be removed from your credit report if it is more than seven (7) years old, except for bankruptcy information, which usually remains on your credit report for 10 years. There is no time limit on reporting information about criminal convictions. Older adverse information may be revealed in connection with applications for employment for jobs with a salary of more than \$75,000 a year, or life insurance or a credit transaction (such as a mortgage) expected to involve a principal amount of \$150,000 or more.

Carefully check each section of your credit report for accuracy.

Personal Information – Are the addresses wrong? Are any variations on your name incorrect? Simple errors such as a misspelled name, missing Jr./Sr., and a wrong address could mean you are viewing information from someone else’s report.

Credit History — Are there unfamiliar credit cards or other debts? Closed accounts should not be listed as open. Be sure that accounts you closed are listed as “closed by consumer.” Incorrect items such as late payments, a pre-marital debt of your spouse, and credit entries you do not recognize require your immediate attention.

Public Records — Are there any errors?

HOW TO CORRECT INFORMATION ON YOUR CREDIT REPORT

If you believe that your credit report contains incomplete or incorrect information, you have the right to ask that the information be corrected. To dispute information in your credit report:

- Submit a letter to both the credit reporting agency and the company that supplied the information to the credit reporting agency (the “furnisher”), stating that you believe the report contains inaccurate information. Include your full name and address and all information from the credit report regarding the contested item.
- Attach copies of any credit card statements, receipts, etc. that support your position. Do not send originals.
- Identify each item in the credit report that you dispute and provide a brief explanation supporting your position.
- Send the letters by certified mail and retain a copy of the materials you send.

The credit reporting agency must contact the furnisher within five (5) days and provide it with all relevant information regarding your dispute. The furnisher must research your claim and provide a response to the credit reporting agency. Usually, the credit reporting agency must complete its reinvestigation within 30 days from receiving your complaint and inform you of its investigation.