



Credit Reporting

If you have ever been issued a credit card, received a personal loan, obtained a mortgage or held a job, chances are someone is keeping a file on you. This file contains information on how you pay your bills, whether or not you've been sued and if you've filed for bankruptcy. Companies that gather and sell this information are called Consumer Reporting Agencies, or CRAs. The three most common are Equifax, Experian and TransUnion.

What's in a Credit Report?

Congress passed the Fair Credit Reporting Act requiring CRAs to provide correct and complete information to businesses to use in evaluating your applications for credit, employment or insurance. Credit reports are only provided to those with a legitimate business need. CRAs generally report unfavorable information for a period of seven years. Exceptions include bankruptcy information, which can be reported for ten years, and information concerning a lawsuit or judgment against you, which can be reported for seven years or until the statute of limitations runs out, whichever is longer. When applying for a job with a salary of more than \$20,000 or for more than \$50,000 worth of credit or life insurance, there is no time limitation for reporting credit information.

Know What's in Your Credit Report

If you request it, the CRA is required to tell you about the information in your report and, in most cases, the sources of that information. You also have the right to be told the name of anyone who received a report on you in the past six months. If you filed an application for credit and it was denied based upon information supplied by a CRA, you can request a free report within 30 days of receiving the denial. You also have a right to one free copy of your credit report from each of the three credit reporting agencies (Equifax, Experian and TransUnion) per year. Request a report from one of the reporting companies every four months and carefully review this report for suspicious activity. To obtain the free reports, call 1-877-322-8228 or order online at www.annualcreditreport.com.

Fixing Credit Report Errors

If you find inaccurate or incomplete information in your credit report, notify the CRA immediately. They are required to re-investigate the items in question. If the new investigation reveals an error, a corrected version must be sent, at your request, to anyone who received your report in the past six months. If the new investigation doesn't resolve your dispute, request that the CRA include your version or a summary of your version of the disputed information in your file and in future reports. There is no charge for this service if it is requested within 30 days after you receive notice of your application denial.

Fixing a Poor Credit History

Unfortunately, there are no quick or easy cures for a poor credit history. Time is the only thing that will repair your credit report. There is a brisk business among so-called "credit repair" companies that charge from \$50 to more than \$1,000 to "fix" your credit report. The only information in your credit report that can be changed are items that are actually wrong. If that's the case, you can fix the errors yourself for free.

Credit Counseling

While only time can fix a poor credit history, there are some organizations that may be able to help if you find yourself confronted by overwhelming money problems arising from inflation, overuse of credit, faulty planning or a lack of money management. For example, a credit counseling corporation may be an option. These non-profit corporations offer specialized counseling services to over-indebted consumers and handle their money as their agent. The corporations may charge a nominal fee for services provided. A credit counseling corporation is not a lending institution, charity, government or legal institution. Consumer credit counseling corporations must be registered with the Illinois Secretary of State Index Bureau and the Department of Financial Institutions.

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