

You Can Check Your Credit Report and Rating

Revised by Bryce Jorgensen¹

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WHAT IS THE DIFFERENCE BETWEEN A CREDIT SCORE AND A CREDIT REPORT?

A **credit score** is an overall “grade” of your credit report. It summarizes in a number how well you manage your credit/debt. Discover credit card company launched www.creditscorecard.com/registration. This website allows anyone who signs up to check their FICO 8 Credit Score for free. You do not need to be a customer of Discover. The website clearly shows registered users what’s negatively impacting their score and allows them to take corrective action. Unlike other websites like CreditKarma.com, Credit.com, Quizzle.com, and CreditSesame.com that offer a free credit score based on the less-used VantageScore, Discover’s credit score card website is the only one that offers consumers their FICO 8 Credit Score. The FICO 8 score is used by the majority of financial institutions when consumers apply for installment loans (car and home) and revolving credit (credit cards). That said, any of the websites above can provide a free credit score and help you monitor your credit. We recommend registering for one of them.

On the other hand, a **credit report** provides an analysis of your ability to manage a variety of loans with different lenders. In your credit report, you will find the types of credit you have open or closed, how long they have been opened or closed, and the amounts you owe, among other information.

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CREDIT REPORTS

If you have borrowed money to buy a home, purchased items using credit cards, or bought insurance for your auto, home, or life, you probably have a “credit rating,” often laid out in a credit report and represented by a credit score. In short, a good credit score indicates a higher reliability to repay loans. Lenders, such as credit card companies and banks, use the information in a credit report to determine how much money is safe to loan you and the interest rate of the loan.

A credit report is information provided by a reporting agency (often called a credit bureau) that gives a consumer’s bill-paying history or habits based on the information in his or her file. It contains information that has a bearing on your ability to pay bills, including address, social security number, marital status, past and present length of employment, income, number of dependents, and record of bill-paying habits. It also includes information from public records covering lawsuits, arrests, judicial decisions, and divorce. Consumer rights on credit information are protected under the Fair Credit Reporting Act (FCRA) and Fair and Accurate Credit Transactions (FACT) Act.

Why order a credit report?

You should order your credit report to ensure that your credit-related information is accurate and to look for identity theft. Your credit rating is used to determine the loans you could obtain and at what interest rate. For example, for a home purchase, a better credit rating is likely to:

- Increase available loans and
- Lower the interest rate, which can mean thousands of dollars in savings via interest payments when compared to a higher interest rate.

Look for errors and unusual activities in your credit report. These include a credit card account that you’ve never opened and months of unpaid balance when you have fully paid the balance.

How do I order my credit report?

The FCRA mandates that each of the three consumer credit reporting agencies provide a free copy of credit reports to consumers. You can request your free credit report by

- Ordering from a central website (annualcreditreport.com),
- Calling a toll-free telephone number (1-877-322-8228), or
- Mailing the Annual Credit Report Request Form (<https://www.annualcreditreport.com/cra/requestformfinal.pdf>) to Annual Credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281.

The central website will refer you to three companies: TransUnion, Experian, and Equifax. If you decide to order a credit report from each of these companies, the central website will take you to the selected website for ordering and then take you back to the central website for you to order a report with another company or to obtain other information. Because consumers are only entitled to one free report per year from each of the three companies, it may be a good idea to order one credit report from a different one of the three companies every four months (as opposed to a report from each company once a year at the same time). This enables you to check your credit report more frequently than once a year while taking advantage of getting a free report annually from each of the three companies. To make it easy to remember, many pull their credit (from one credit company each date) on 2/2, 6/6, and 10/10.

Is there a charge to see the file?

You are entitled to one free credit report per year from each of the three credit reporting agencies. In addition, you are entitled to free credit reports in the event of credit-related action by a company, if you are unemployed and looking for a job within 60 days, if you are on welfare, or in case of identity theft issues. There is no charge if you have been denied credit in the past 30 days or have received a notice from a collection department affiliated with the credit bureau. Free credit report orders do not involve any credit card payment. Note that the free credit reports do not include your credit score. If you are just curious or would like to obtain your credit score, there may be a charge of up to \$10.50 per report. Remember, as stated previously, you can obtain your credit score for free from one of the many websites offering this service.

What should you do upon noticing mistakes in a credit report?

Report all inaccuracies to the credit reporting agency and credit companies. For instance, if you noticed in your credit report that you haven’t been paying your gas credit card balance in full when you are sure that you have done so, you need to contact the company that provided the credit report as well as the gas credit card issuer.

How can I correct an error in my file?

First, you need to put your credit report on fraud alert. Then, you need to freeze all your accounts to be sure that if there is a thief on your account they won’t be able to use it. Then, the credit bureau must investigate any item that you question. If the information is incorrect, it must be corrected or removed from your file.

There is no quick fix for your credit. Ads claiming to remove bankruptcies, judgments, late payments, or

other issues are likely scams. “Join *blank* today, and we will be able to remove any late payment history off your credit report in a matter of days! Don’t wait!” Those are the kinds of ads you need to stay away from.

No one can legally remove accurate and timely negative information from a credit report. The only people that are allowed to remove any information from your credit report are the credit bureaus. But they can only remove the information if it is inaccurate, such as having your identity stolen. A helpful site to learn more on how to stay safe while you find ways to improve your score is <https://www.consumer.ftc.gov/articles/0058-credit-repair-how-help-yourself>.

What if they say it is not a mistake?

If there is a dispute, you may file a brief statement reporting your side of the issue. Your statement must be included in any future reports concerning the item in question.

For more detailed information on how to deal with inaccuracies in your report, refer to the Federal Trade Commission webpage on “Credit Repair: How to Help Yourself” (<http://www.ftc.gov/bcp/edu/pubs/consumer/credit/cre13.shtm>). It includes steps on how to rectify your mistake issues, a dispute letter example, and other ways to file complaints. In New Mexico, you may discuss your issues with the Office of the New Mexico Attorney General (Santa Fe: 505-490-4060, Albuquerque: 505-717-3500, Las Cruces: 575-339-1120, toll-free: 1-844-255-9210, <https://www.nmag.gov/consumer-complaint-instructions.aspx>).

Who can obtain information from my file?

The FCRA specifies who can access your credit report. Creditors, insurers, employers, and other businesses that use the information in your report to evaluate your applications for credit, insurance, employment, or renting a home are among those who have a legal right to access your report.

1. A credit report can only be furnished to someone with a legitimate business need for the information. This includes businesses that are:
 - extending credit, collecting debts, or reviewing an account;
 - considering you for employment; or
 - considering you for insurance.
2. Credit reports can be ordered by a court.
3. Your report can be issued if you request a report in writing.

4. A governmental agency may access your report if the agency is required by law to determine your eligibility for a license or to consider your financial status for any other benefit (e.g., military security clearance).
5. Others who have a legitimate business need involving a business transaction with you may access your report (e.g., potential partnership, investment, or lease).

OTHER COMMON QUESTIONS ABOUT CREDIT REPORTS

What is a hard inquiry and a soft inquiry?

A hard inquiry is when a business requests to see your credit report to verify if you’re credit worthy, but the lender that pulled your report, such as an auto loan or mortgage company, will harm your credit score. A soft inquiry is similar, except that a different person who pulls out the report won’t harm your score, such as yourself when you want to do your credit check.

What is the difference between credit reports and investigative reports?

Credit reports are used to determine your credit worthiness. Investigative reports are used by prospective employers and by insurance companies to determine whether to issue insurance to you or not. Investigative reports contain information obtained by outside investigators through personal interviews with friends, neighbors, or associates about your character, general reputation, personal characteristics, or mode of living. The credit report does not generally contain information from outside investigators.

Can I find out who received credit reports about me?

You must be told the names of those who have received credit reports about you in the past six months and the names of those who have received investigative reports in the past two years. This information is also provided with any of the companies mentioned previously who offer free credit scores and monitoring (e.g., CreditKarma.com).

How will I know if I have been refused credit because of a credit report?

The store or company (credit grantor) who refuses to extend credit to you because of information in a credit report must tell you so. The credit grantor must also give you the name of the credit bureau that supplied the report.

Can I find out who asked for the investigation about me?

Anyone who orders an investigative report must notify you within three days after the report is requested. They must also include a statement informing you that you have the right to request information concerning the nature and scope of the investigation.

Does the credit bureau recommend whether I should get credit?

No. The credit bureau only gives the information from your file to credit grantors who then make the decision as to whether or not you receive credit.

Will information on a married woman be reported in her name as well as her husband's if both names are on the account?

All accounts opened since June 1, 1977, which both spouses may use and for which both are liable, must be reported by creditors in both names. If you have joint accounts that were opened before June 1, 1977, it may be necessary for you to contact the creditors to have information reported in your name as well as your spouse's name.

Most creditors sent notices in 1978 asking how information should be reported. If you did not receive or respond to the notices, you can contact the creditors now asking to have information reported in your name.

How can a married man/woman establish a separate file?

You can request that the credit bureau open a file in your own name. If you need your separate file brought up to date, the credit bureau may charge a reasonable fee for contacting your credit grantors.

How long does adverse information remain in my file?

Bankruptcies are reported for 10 years. Suits and judgments can be reported for seven years. Tax liens, collection accounts, accounts charged to bad debts, records of arrests and convictions, or other adverse information may be reported for seven years.

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