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Credit Repair Scams¹

Josephine Turner²

Every day, some companies across the nation make appeals to consumers with poor credit histories. Many of these companies guarantee they can erase bad credit, remove bankruptcies, judgments, liens, and bad loans from your credit files and create a new credit identity.

These companies promise, for a fee, to clean up a credit report so a consumer can get a car loan, home mortgage, insurance, or even a job. The truth is, they can't deliver.

According to the Federal Trade Commission (FTC), some of these companies go so far as advising you to dispute all information in your credit report and to create a new credit identity. Remember, it's a federal crime to make false statements on a loan or credit application. No one can legally remove accurate and timely negative information from a credit report.

If credit information is wrong, the law allows consumers to ask for a reinvestigation of information in their file that they dispute as inaccurate or incomplete. There is no charge for this service. In short, everything a credit repair clinic can do for a consumer legally, the consumer can do for him or herself at little or no cost.

Only time, a conscious effort, and a personal debt repayment plan can improve a consumer's credit report.

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