

YOU and YOUR CREDIT: Credit Reports¹

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This is the fourth publication in the seven-part YOU and YOUR CREDIT series, which contains information about the skills and knowledge needed to obtain, understand, and wisely manage credit.



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Credit Report Basics

Whether or not you are considering making a major financial move, it is a good idea to check your credit report. It is best to find out if you have a credit problem before you need credit! That way you can know about any problems and take care of them before they jump up and derail your plans.

If you have made mistakes in paying previous loans, made late payments, or had other problems, you may still be able to reduce the amount of damage they will do to your credit

by explaining special circumstances to the potential lender, especially for major installment loans.

Free Credit Report

The Fair Credit Reporting Act (FCRA), along with the 2003 amendment known as the Fair and Accurate Credit Transactions Act (FACT Act or FACTA), gives you the rights to do the following:

- Learn what your credit record contains.
- Correct inaccurate or incomplete information.
- Obtain a free credit report every 12 months from each of the three nationwide consumer credit reporting agencies (CRAs)—Experian, TransUnion, and Equifax.

Under FACTA, consumers are able to access their credit report via mail, telephone, or through the government-authorized website, annualcreditreport.com.

The three credit bureaus are:

Equifax

P.O. Box 740241
Atlanta, GA 30374
1-800-685-1111
<http://www.equifax.com>

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TransUnion

2 Baldwin Place
P.O. Box 1000
Chester, PA 19022
1-800-888-4213 or 1-800-916-8800
<http://www.transunion.com>

Experian

P.O. Box 2104
Allen, TX 75013
1-888-397-3742
<http://www.experian.com>

When you request your credit report, you will need to provide your full name (including birth name), spouse's name, Social Security number, date of birth, and complete addresses for the past five years. You will also be asked security questions to prove that you are who you say you are to avoid identity theft issues.

An example of such a question could look like, "What is the account numbers for three current credit cards?"

It is important to note that with these free credit reports, you will not receive an actual score, often referred to as a credit score or a FICO (Fair Isaacs & Company) score. Through annualcreditreport.com, you can access your FICO score for a small nominal fee. Make sure your report is accurate before paying for your score.

Credit Report Outline

A credit report consists of four basic sections:

- Identifying Information
- Public Records
- Credit History
- Inquiries

Identifying Information

Is just that—information to identify you. Look at it closely to make sure it is accurate. Other information might include your current and previous addresses, date of birth, telephone numbers, driver's license number, your employer, and your spouse's name.

Public Records

This includes information in public records, such as judgments, bankruptcies, and other court proceedings of a financial nature, including tax liens.

Credit History

Each account will include the name of the creditor and the account number. You may have more than one account from a creditor; if you move, the creditor will transfer your account to a new location and assign a new number. When you open an account, the kind of credit (installment, mortgage, car loan, or revolving store credit card) is reported. It includes the following:

- Name under which the account is listed (your name or names, if it is listed jointly with another person), total amount of the loan, credit limit, and the highest balance on the card
- How much you owe and how well you have paid the account
- Status of the account (open, inactive, closed, paid, etc.)

On Experian's credit report, your payment history is written in plain English with phrases such as "never pays late," "typically pays 30 days late," etc. "Charged off" means the creditor has given up.

Inquiries

The report provides a list of everyone who has asked to see your credit report. Inquiries are divided into two sections:

- **Hard inquiries** are ones you initiated by filling out a credit application. The more inquiries of this type, the more potential there is for debt.
- **Soft inquiries** are from companies that want to send out promotional information to a pre-qualified group or from current creditors monitoring your account.

Certain types of inquiries actually *lower* your credit score. Inquiries that can decrease your FICO score usually come from creditors that you have asked for new or more credit.

Correcting Billing Errors

The Fair Credit Billing Act requires creditors to correct errors promptly and without damage to your credit rating. The law defines a billing error as follows:

- Something you did not buy
- Something that is not properly identified on your bill or is for a different amount
- Something that you did not accept on delivery or that was not delivered
- Arithmetic errors

- Bills not to your current address, if you told the creditor about an address change at least 20 days before the end of the billing period. The process takes time — creditors have 30 days to respond to the discrepancy.

When a charge is in dispute, then that dispute will show up on your report. Experienced lenders say it is common for reports to have errors. Some estimate that as many as 80% of all credit reports have some kind of misinformation. Any error that you find must be investigated by the credit bureau with the creditor who supplied the data.

The credit bureau will remove any errors from your credit report that a creditor admits are there. If you disagree with the findings, you can file a short statement (sample form included) in your report giving your side of the story. Future reports to creditors must include this statement or a summary of it.

Once you have written about a possible error, a creditor must not give information to other creditors or credit bureaus that would hurt your credit reputation until the matter is resolved. Until your complaint is answered and while the investigation is ongoing, the creditor may not take any action to collect the disputed amount.

In order to correct these errors, consumers can file credit report disputes via regular mail, telephone, or email. Using email is highly recommended because the process is faster and you have the option to track the status of your dispute.

Sample Credit Report

PERSONAL INFORMATION		Date of Report: 6/01/2008			
Name:					
Social Security #:					
Date of Birth:					
Current Address:					
Previous Address:					
Current Employer(s):					
Previous Employer(s):					
ACCOUNT SUMMARY					
Open Accounts		Closed Accounts	Total Credit Limit		Payment History
5		1	\$4000		2-30 days late; 1-60 days late
PUBLIC INFORMATION					
Satisfied Judgment		Date Filed 11/96	Miami-Dade County	Ref/Case # 027739	
Defendant: Consumer		Plaintiff: Morthsun Credit	Amount \$2,103	Satisfied 02/97	
CURRENT ACCOUNT INFORMATION					
Company Name	Account #	Credit Limit	Date Opened	Status	Balance
Credit Union Savings	1268855	Individual	06/20/87	Good Standing	3650.20
CREDIT ACCOUNT INFORMATION					
Company Name	Account #	Credit Limit	Date Opened	Status	Balance
Credit Max	676741	\$3000	01/05/99	Past Due	331.97
Gas Card Company	32281	\$1000	06/98	Current	24.20
CLOSED ACCOUNT INFORMATION					
Company Name	Account #	Credit Limit	Date Opened	Status	Balance
Depart Store	7789003	\$1500	01/05/99	Closed 03/16/99	0.00
REQUEST FOR YOUR CREDIT HISTORY					
Company Name		Date Requested	Company Name	Date Requested	
Credit See		02/15/03	Home Build Stored, Inc.	09/06/02	
New Gas Co.		09/26/02	Banc Nine	08/29/02	
INQUIRIES					
Date Requested		Company Name	Date Requested	Company Name	
08/06/00		Bureau Disclosure	12/27/01	Department Store	
03/01/01		Bank card	1/23/01	Bank card	

Sample Request for Additional Credit Report

To: (Write the name and address of the credit bureau)

I am writing to request a copy of my credit report. (Check one.)

_____ I have been rejected for credit in the past 60 days. A copy of the letter refusing me credit is enclosed. Please send me a free report.

_____ I am enclosing a check or money order for \$_____.

(Required information)

My full name is _____

My Social Security number is _____

My home address is _____

To show my address, I have enclosed a photocopy of (Check one.)

_____ driver's license or state ID card.

_____ utility bill or credit card bill mailed to my home address.

(Complete only the items that apply to you.)

I have also lived at these addresses in the past 5 years:

My spouse's name is _____

I may have also had credit under these names: _____

Signature (required)

Sample Dispute Letter

Date

Your Name

Current Address

City, State, Zip Code

Complaint Department

Credit Bureau Credit Information Services

Address

City, State, Zip Code

Dear Sir or Madam:

I am writing to dispute the following information in my file. The items I dispute also are circled on the attached copy of the credit report I received.

The lien filed on 09/2/95 and bankruptcy filed on 10/94 are inaccurate because I never had a lien or bankruptcy filed. I am requesting that these items be deleted to correct the information.

Please investigate these matters and delete the disputed items as soon as possible.

Sincerely,

Your Name

Enclosures: Credit report copy

Sample Credit Complaint Form

Name: _____ Date: _____

Address: _____

City/State/Zip: _____

Daytime Telephone: _____

Bank/Creditor: _____ Account Number: _____

Address: _____

City/State/Zip: _____

Complaint Involves:

Checking Account Collection Agency Credit Card

Credit Report Credit Union Department Store Charge

Loan/Auto Loan Savings Account Other

 I have not tried to resolve this complaint directly with those involved.

I have tried to resolve this complaint directly with those involved.

The name of the person contacted is: _____

Date: _____ Telephone: _____

My complaint (describe briefly, use dates, names, etc., and also enclose *copies* of documentation):

Signature Date

Source: Institute of Consumer Financial Education, San Diego, CA 92163

Sample Form Letter

Re: Credit Report Error

Dear Sir or Madam:

I have discovered inaccurate information on my credit report maintained by _____.
(Credit agency name)

The report is in my name, _____, and my Social Security number is _____.

Enclosed please find a copy of my credit report containing the mistaken data. I have highlighted the errors. Specifically, the following information is incorrect:

Company name:

Account number:

Incorrect information:

This is incorrect because:

Please investigate the matter with the creditor in question; and should you find there is an error, when confirmed please remove this error from my credit report.

In addition, please make this letter a permanent part of my credit report.

If you have any question about my request or the credit information in question, please do not hesitate to call me at _____.

Thank you for your prompt attention to my request.

Your Signature

Your Typed Name

Your Address

City, State, and Zip Code

Enclosure: copy of credit report

Source: Bankrate.com, 2007