

Credit Repair

Good credit is important—a bad credit history can prevent you from getting a loan, housing, or a job. Promises to “fix” your credit report may be tempting, but they’re not true.

- **No one can erase negative information if it’s accurate.** Only incorrect information can be removed. Accurate information stays on your record for 7 years from the time it’s reported (10 years for bankruptcy). Even information about bills you fell behind on but now are paid will remain on your report for these time periods.
- **Credit repair services can’t ask for payment until they’ve kept their promises.** Federal law also requires credit repair services to give you a explanation of your legal rights, a detailed written contract, and three days to cancel (this applies to for-profit services, not to nonprofit organizations, banks and credit unions, or the creditors themselves).
- **You can correct mistakes on your credit report yourself.** If you were recently denied credit because of information in your credit report, you have the right to request a free copy. Otherwise there is a small fee, unless your state law provides for one free report a year. It doesn’t cost anything to question or dispute items in your report. Follow the instructions provided by the credit bureau. The major credit bureaus are: Equifax, 800-685-1111, www.equifax.com; Experian, 800-682-7654, www.experian.com; and TransUnion, 800-916-8800, www.transunion.com. Contact all three, as the information each has may vary.
- **You can add an explanation to your report.** If there is a good reason why you weren’t able to pay bills on time (job loss, sudden illness, etc.) or you refused to pay for something because of a legitimate dispute, give the credit bureau a short statement to include in your file.
- **Know that you can’t create a second credit file.** Fraudulent companies sometimes offer to provide consumers with different tax identification or social security numbers in order to create a new credit file. This practice, called “file segregation,” is illegal, and it doesn’t work.
- **If you have credit problems, get counseling.** Your local Consumer Credit Counseling Service (CCCS) can provide advice about how to build a good credit record. The CCCS may also be able to make payment plans with your creditors if you’ve fallen behind. These services are offered for free or at a very low cost. To find the nearest CCCS office, call toll-free, 800-388-2227, or go to www.nfcc.org.