

# Beware of Credit Repair Scams



By **Greg Abbott**  
Attorney General of Texas

“Erase your bad credit - 100% guaranteed!” You have probably encountered these types of advertisements in a newspaper, magazine or on the Internet.

Unfortunately, their claims are generally false or misleading. Despite what a credit repair company may lead you to believe, there is no easy way to fix bad credit.

Your credit history is maintained by credit bureaus, private companies that collect your payment history from creditors such as banks, department stores and mortgage companies. The only items that can be changed in your credit file are those that are erroneous or more than seven years old. Bankruptcy declarations can be reported for ten years.

Accurate items that are reported within the seven- or ten-year period cannot be erased from your credit record by companies advertising credit repair services.

Credit repair companies charge anywhere from \$50 to more than \$1000 dollars for their services. In fact, you can do anything to your credit file that a credit repair company can. If you find an inaccurate item in a your credit file, you can fix it yourself at little or no cost.

Creditors seek information on your payment history from one of three major credit bureaus. It is a good idea to check the accuracy your credit report annually. You can do this by requesting a credit report from all three credit bureaus. Credit bureaus are required by law to share any information they have on file about you. In addition, you are entitled to a free copy if you have been denied credit, insurance or employment. You must request the report within 60 days from the credit bureau that provided the report to the business.

If you do find inaccuracies in your credit file, notify the credit bureau of the problem. Request a dispute form and submit it with supporting documents. By law, the credit bureau must investigate and correct any erroneous or outdated information. There is no charge to dispute mistakes in your credit file.

The credit bureau must also send a corrected copy of your report to anyone who received the incorrect version within the past six months. Even so, it may also be a good idea to contact the creditor directly to ensure that its records are correct.

If these steps do not completely resolve your dispute, you can have a written protest added to your credit file.

Consumers should be careful when considering loan consolidation as a way to pay off creditors. Some companies claim they can guarantee a loan

for a fee paid in advance. The fee maybe as much as several hundred dollars.

If someone guarantees or strongly suggests that they can get a loan or credit for you, it's against the law for them to request or accept payment until you actually get the loan or credit. And be aware that there are entirely bogus credit companies that will collect a fee up front and then simply abscond with your money.

Legitimate lenders never guarantee or say that you are likely to get a loan or credit card before you apply, especially if you have bad credit, no credit or a bankruptcy.

We have also heard about companies that claim to be able to get your mortgage "released" by the holder for a fee of \$2000. Needless to say, your mortgage cannot be dismissed for a fee.

If you have credit problems, consider a consultation with a credit counseling service. There are no easy answers. Rebuilding your credit will take time and good management. Don't allow yourself to be further victimized by credit repair scams.

## POINTS TO REMEMBER

### CREDIT REPAIR SCAMS

Contact the National Foundation for Credit Counseling for assistance with credit problems, education and counseling at (800) 388-2227 or visit [www.nfcc.org](http://www.nfcc.org).

Contact the Secretary of State's office for registration information about a business operating in Texas at (512) 463-5555 or [www.sos.state.tx.us](http://www.sos.state.tx.us).

Contact information for the three major credit bureaus:

Experian  
PO Box 9532  
Allen, TX 75013  
(888) 397-3742  
[www.experian.com](http://www.experian.com)

Equifax  
PO Box 740241  
Atlanta, GA 30374-0241  
(800) 685-1111  
[www.equifax.com](http://www.equifax.com)

Trans Union  
PO Box 2000  
Chester, PA 19022  
(800) 916-8800  
[www.tuc.com](http://www.tuc.com)  
For free report only:  
(800) 888-4213



ATTORNEY GENERAL OF TEXAS  
GREG ABBOTT

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