

Credit Repair: Recognizing a Scam

“Credit Repair Businesses” advertise that they can repair your credit score, remove negative information, or even create a new credit identity legally. Don’t believe these claims: they’re likely a scam. The truth is that there is no fast way to improve your credit worthiness: it takes time, a conscious effort, and sticking to a personal debt repayment plan. Credit repair agencies target consumers with poor credit histories and tell them they’ll soon be able to get that home or auto loan they need. However, the truth is that you cannot remove accurate negative information from your credit report. So after you pay them hundreds or thousands of dollars, you’re left with the same credit report and even less money. If you see a credit repair offer, here’s how to tell if the company is up to no good:

- The company wants you to pay for credit repair services before they provide any services. Under the Credit Repair Organizations Act, credit repair companies cannot require you to pay until they have completed the services they have promised.
- The company doesn’t tell you your rights and what you can do for yourself for free.
- The company recommends that you do not contact any of the three major national credit reporting companies directly.
- The company tells you they can get rid of most or all the negative credit information in your credit report, even if that information is accurate and current.
- The company suggests that you try to invent a “new” credit identity — and then, a new credit report — by applying for an Employer Identification Number to use instead of your Social Security number.
- The company advises you to dispute all the information in your credit report, regardless of its accuracy or timeliness.

If you follow illegal advice and commit fraud, you may find yourself in legal hot water, too: It’s a federal crime to lie on a loan or credit application, to misrepresent your Social Security number, and to obtain an Employer Identification Number from the Internal Revenue Service under false pretenses. No one can legally remove accurate and timely negative information from a credit report. However, the law provides you with a number of rights to dispute and correct inaccurate credit information on your own. To learn how to improve your credit worthiness and find legitimate resources for low or no-cost help, please visit ftc.gov/credit and see the following publications.

- **Your Access to Free Credit Reports** — Explains why it is important to monitor your credit history, how to request a report, and how to dispute errors.
- **How to Dispute Credit Report Errors** — Explains how to dispute and correct inaccurate information in your credit report. Includes a sample dispute letter.

- **Building a Better Credit Report** — Learn how to legally improve your credit report, how to deal with debt, how to spot credit-related scams, and more.
- **Knee Deep in Debt** — Discusses options to help you get back in the black, including: realistic budgeting, credit counseling from a reputable organization, debt consolidation, or bankruptcy.

The attorneys at the Legal Assistance Office are available for further consultation on legal assistance matters.

We are located at Building 2037 Humphreys and Aleshire Drive, Schofield Barracks, HI 96857.

Our phone number is (808) 655-8607

Our hours are 0900-1600 Mon, Tues, Wed, Fri and 1300-1500 Thurs. Monday, Thursday and Friday are appointment days, Tuesday is a walk-in day, Wednesday is exclusively for Wills.