

# What You Should Know About Your Credit Record

## Overview

What a credit record is, how to review yours, and how to correct mistakes.

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Whenever you apply for a loan or a charge card, and often when you apply for an apartment or a job, someone will check your credit record to see if you have a history of paying your bills on time. The agencies that keep credit reports, called credit bureaus, evaluate your overall creditworthiness with one number, sometimes referred to as a score. A good credit record can make you look impressive to a potential employer or lender. A bad credit record can make you look irresponsible and untrustworthy and can prevent you from getting a security clearance.

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## What is reported on a credit record?

Your report includes basic information: your name, date of birth, Social Security number, current and previous address, and employment information. But the most important information is the report's record of all of the loans and credit accounts you've had for the past seven years, including every late payment.

Bankruptcy is included as part of your credit record for ten years, as are other legal judgments against you. When you apply for a job that pays more than \$75,000 or for a loan or life insurance policy of more than \$150,000, there's no time restriction on your record -- the employer, lender, or insurer can get a report on your credit history for your entire life. So a bad credit record can keep you from getting a loan, an apartment, or a job for a very long time.

Your credit record could be the determining factor in whether you get a car loan, an apartment, a mortgage, a new credit card, or even a new job. So it's a good idea to be familiar with what your record says about you. You don't want any surprises. It's also important to check your record for mistakes. Most financial experts recommend reviewing your credit report once a year.

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## How to check your credit record

Thanks to the Fair and Accurate Credit Transactions Act (FACTA), every U.S. citizen is entitled to a free credit report once a year from each of the three main credit reporting bureaus: Equifax, Experian, and TransUnion. There are three ways to order your credit reports: online, by phone, and through the mail.

To order your credit report online, go to [www.annualcreditreport.com](http://www.annualcreditreport.com). This centralized website sponsored by the three main credit bureaus allows you to order all three reports and view them instantly online.

To order your report over the phone, call 1-877-322-8228. Your credit report will be mailed to you within 15 days.

To order a report by mail, you will need to fill out an annual credit report request form. Go to <https://www.annualcreditreport.com/cra/requestformfinal.pdf> to find a copy of this form online. Then mail the form to:

Annual Credit Report Request Service  
P.O. Box 105281  
Atlanta, GA 30348-5281

Due to security reasons, [www.annualcreditreport.com](http://www.annualcreditreport.com) does not work from overseas. If you're stationed or deployed outside the U.S., you can print the form to order your report by mail at

[www.ftc.gov/bcp/online/include/requestformfinal.pdf](http://www.ftc.gov/bcp/online/include/requestformfinal.pdf).

When you get your reports, look them over carefully. If there's anything you don't understand, call the credit bureau for an explanation. The reports include a lot of information and you may need some help interpreting them the first time you see them. Federal law requires that the bureaus make this help available to you.

Here is the contact information for each of the three main credit bureaus:

### **Equifax Credit Information Services**

P.O. Box 740256  
Atlanta, Georgia 30374  
Telephone: 1-800-685-1111  
[www.equifax.com](http://www.equifax.com)

### **Experian**

P.O. Box 9554  
Allen, Texas 75013  
Telephone: 1-888-397-3742  
[www.experian.com](http://www.experian.com)

### **Trans Union Corporation**

Consumer Relations Center  
P.O. Box 1000  
Chester, PA 19022  
Telephone: 1-800-916-8800  
[www.transunion.com](http://www.transunion.com)

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## **How to correct a mistake in your credit record**

If you find a mistake in any of the reports, you have the right to dispute it and try to have it corrected. Ask the credit bureau for a dispute form, fill one out online through the credit bureau's website, or send a letter with the correction you are suggesting. Attach copies of any supporting documentation (not original documents). Clearly identify each item in the report that you think is mistaken and explain why you think it is wrong. Keep copies of your letters and backup documentation in case the correction isn't resolved smoothly. The bureau will respond in writing in about four weeks. It is the credit bureau's responsibility to prove that the information is correct, not your responsibility to prove that it is wrong.

If the bureau investigates and finds that a mistake has been made on your record, the bureau will correct it. You can then ask the bureau to send a corrected version to anyone who has received your report within the past six months -- and to any employer who requested a copy of your report as part of a job application process in the past two years. You can also ask the bureau to identify the source of the mistaken information, and you should send a letter explaining the mistake to that source, too.

If there is a dispute over an error, or if you think that someone has stolen your identity and is using your credit, be prepared for a long period of back-and-forth communication with the credit bureau and your creditors. While the burden of proof lies with the bureau -- if it can't prove that the information in question is correct, then it has to delete it -- the process of resolving a dispute or unraveling a case of identity theft can be complex and lengthy. If you get involved in this situation, it's important to keep detailed records of letters and conversations, and to be assertive about following up with everyone you contact.

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## Repairing a bad credit record

If you're having problems with debt and have fallen behind on payments to any of your creditors, it's probably not mistakes on your credit record that will be your problem. It will be the detailed evidence of your late and missed payments. The only remedy for this is to improve your payment habits.

You are entitled to insert a statement of up to 100 words in your credit record explaining any late payment or credit problems. You might use this right to explain a stretch of money problems that were the result of a job loss, illness, divorce, or some other setback. You might also use it to explain that a particular bill wasn't paid because service wasn't completed or the merchandise was defective. You might also use the statement to explain that you recognized a debt problem at a certain date, and have committed yourself since then to improving your credit record. If the credit record shows an end to late-payment problems at that time, this statement and the evidence of your commitment to solving your debt problems will go a long way toward repairing your record.

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## Why you should avoid credit repair services

You've probably seen ads for credit repair services and may have received their fliers in the mail. As you look for legitimate credit counseling help, you may come across their listings in the phone book. Credit repair services push an almost magical solution: "We'll wipe away your bad credit history and let you start over with a clean slate. We'll give you a new identity and let you step away from your old one. We'll remove bankruptcies, judgments, and bad loans from your credit file forever!"

Stay away from these services. They'll take money -- hundreds or even thousands of dollars -- that you desperately need to work your way out of debt. And they can't deliver. By the time you realize you've been taken, your money will be gone. And, in many cases, so will the credit repair service. Many of these services engage in illegal practices and come and go under different names until they are finally caught and shut down.

Here's what they usually do:

- Require you to pay up front, before any services are provided
- Hide important facts from you, such as your legal rights and what you can do yourself -- for free -- to correct mistakes in your credit record
- Suggest that you try to create a new identity for yourself by applying for an Employee Identification Number to use instead of your Social Security number on credit applications
- Get you to dispute all negative information in your credit report, even information you know is true

You can be charged and prosecuted along with the service for the part you play in any illegal actions the service suggested. It's a federal crime to make false statements on a loan or credit application, to misrepresent your Social Security number, or to obtain an Employer Identification Number from the Internal Revenue Service under false pretenses.

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## Resources

### **Your military support services**

Each service branch sponsors information and support programs for service members and their families. You can call or visit any installation Army Community Service Center, Marine Corps Community Services, Fleet and Family Support Center, or Airman and Family Readiness Center regardless of your branch affiliation.

If you aren't near an installation, National Guard Family Assistance Centers are available in every state. The Local Community Resource Finder on the National Guard Family Program at [www.jointservicesupport.org](http://www.jointservicesupport.org) will identify your closest center.

### **Military OneSource**

This free 24-hour service is available to all active duty, Guard, and Reserve members (regardless of activation status) and their families. Consultants provide information and make referrals on a wide range of issues, including repairing bad credit. Free face-to-face counseling sessions (and their equivalent by phone or online) are also available. Call 1-800-342-9647 or go to [www.MilitaryOneSource.com](http://www.MilitaryOneSource.com) to learn more.

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