

# CREDIT REPORTING

Credit Bureaus or “consumer reporting agencies (CRAs)” gather and sell financial information about private citizens. The CRA’s collect data on payment history, credit accounts, and outstanding balances to calculate and assign a person's credit score. The higher the score, the better. High scores translate to better rates on loans and access to credit.

Note that the credit score is an overall compilation of the consumer’s various credit accounts. Therefore, credit worthiness will remain high in the face of a minor problem if considered along with a history of timely repayment. Strong credit scores take time and effort to build. Unfortunately, it is also easy to hurt your score. The only way to maintain a strong credit score is by paying all your debts and obligations on time and not maxing out your credit. Once an account has a bad rating, it often stays that way for some time, even if the debt is later paid.

Three CRAs form the backbone of the credit reporting industry: Equifax, Experian, and Trans Union. The Fair Credit Reporting Act (FCRA) governs how these institutions handle your credit information. Among the most important aspects of the law is your right to request a *free* credit report, once every twelve months, from each of the CRAs.

Credit reports show your credit bill payment history, loans, current debt, and other financial information. This information is routinely sold to potential creditors, landlords, employers, and businesses interested in your personal credit history.

Each CRAs gets its information from different sources so it is important to review all three reports. Negative information typically stays on a report for seven years. Consequently, checking your credit report is an important way to know when to make corrections and prevent identity theft, particularly before applying for a new loan.

# HELPFUL RESOURCES

**Annual Credit Report Request Form**  
[www.consumer.ftc.gov/articles/pdf-0093-annual-report-request-form.pdf](http://www.consumer.ftc.gov/articles/pdf-0093-annual-report-request-form.pdf)

**Consumer Sentinel**  
[www.ncpw.gov](http://www.ncpw.gov)

**Consumers Financial Protection Bureau**  
[www.consumerfinance.gov](http://www.consumerfinance.gov)

**Federal Trade Commission**  
[www.ftc.gov](http://www.ftc.gov)

**On Credit**  
[www.consumer.ftc.gov/topic/money-credit](http://www.consumer.ftc.gov/topic/money-credit)

**National Association  
for Consumer Advocates**  
[www.consumeradvocates.org](http://www.consumeradvocates.org)



*Do you have additional questions? If so, contact the Misawa Air Base Legal Office and request to schedule a Legal Assistance Appointment.*

35th Fighter Wing Contact Information:

**Email:** [35fw.ja@us.af.mil](mailto:35fw.ja@us.af.mil)  
**DSN Phone:** [315-226-4022](tel:315-226-4022)  
**DSN Fax:** [315-226-2185](tel:315-226-2185)



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# CREDIT SCORES & REPORTS

## THIS BROCHURE INCLUDES:

- WHAT IS CREDIT SCORING?
- WHAT IS A CREDIT REPORT?
- YOUR RIGHTS UNDER FCRA
- HOW TO FILE A COMPLAINT
- CORRECTING YOUR CREDIT REPORT
- REQUEST YOUR CREDIT



The information in this brochure is of a general nature and is not intended as a substitute for legal counsel.

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## WHAT IS CREDIT SCORING?

Credit scoring is a system creditors use to help determine whether to give you credit. It also may be used to help decide the terms you are offered or the rate you will pay for the loan.

Information about you and your credit experiences, like your bill-paying history, the number and type of accounts you have, whether you pay your bills by the date they're due, collection actions, outstanding debt, and the age of your accounts, is collected from your credit report. Using a statistical program, creditors compare this information to the loan repayment history of consumers with similar profiles.

## WHAT IS A CREDIT REPORT?

Your credit report is a key part of many credit scoring systems. That is why it is critical to make sure your credit report is accurate. Federal law gives you the right to get a free copy of your credit reports from each of the three national credit reporting companies once every 12 months.

The Fair Credit Reporting Act (FCRA) also gives you the right to get your credit score from the national credit reporting companies. They are allowed to charge a reasonable fee for the score. When you buy your score, you often get information on how you can improve it.

## YOUR RIGHTS UNDER FCRA

Each state has its own set of laws that are intended to protect your credit information. In addition to state laws, the Federal Credit Reporting Act (FCRA) provides the certain protections for consumers:

1. Under the FCRA, you must be told if information in your file has been used against you in a negative way (e.g.: if you have been denied a credit card).. You may also receive a free credit report within 60 days of receiving notice that you have been denied credit based on information in a credit report.
2. You can dispute inaccurate information in your credit report. Inaccurate information must be corrected or deleted. However, the CRA is not required to remove inaccurate data from your file unless it is outdated or cannot be verified. You can dispute inaccurate items with the source of the information.
3. At your request, the CRA must send notices of

corrections to your credit reports to anyone who received your report within the past six months. Job applicants can have the CRA send a corrected copy of the report to anyone who received a report in the past two years for employment purposes.

4. Even if the reinvestigation of the credit information does not resolve your dispute, you can ask the CRA to add the fact that you dispute your rating in your report.
5. Outdated information may not be reported. In most cases, a CRA may not report negative information that is more than seven years old; ten years for bankruptcies.
6. The CRA may report adverse information that is older than seven years old when a credit transaction is \$150,000 or more (e.g.: a home mortgage), the issuance of life insurance is \$150,000 of coverage or more, or an application for employment involves a job with a salary of \$75,000 or more.
7. Access to your file is limited. A CRA may provide information about you only to people with a need to know, as recognized by the FCRA. Typical needs include the need to consider an application with a creditor, insurer, employer, landlord, or other business.
8. You must consent to sending a report with any medical information or if the report is going to an employer.
9. You may remove your name from a CRA's lists for unsolicited credit and insurance offers. Simply notify the CRA that you want your name removed from its list for unsolicited offers.
10. Active duty service members can place an alert on their credit file if they are deployed.

## HOW TO FILE A COMPLAINT

You can file a complaint with the Federal Trade Commission (FTC) at [www.reportfraud.ftc.gov/#/](http://www.reportfraud.ftc.gov/#/)

You can also file a complaint with the Consumer Financial Protection Bureau (CFPB) at [www.consumerfinance.gov/complaint](http://www.consumerfinance.gov/complaint).

Alternatively, you can sue a CRA for willfully or negligently violating the FCRA.

## CORRECTING YOUR CREDIT REPORT

Under the Fair Credit Reporting Act, both the credit reporting agency (CRA) and the information provider are responsible for correcting inaccurate or incomplete information on your credit report. Beware of companies that claim they can fix your credit. These companies cannot erase a bad credit rating if the rating is based on accurate information.

If the rating is not based on accurate information, a credit fixing company can do no more than what you can do to fix the credit rating yourself. Instead, write a letter disputing the errors and send it, along with copies of supporting documentation, to the CRA and the institution that gave the CRA the inaccurate information. Do not send original documents.

## REQUEST YOUR CREDIT REPORT

You can order your credit report directly from a CRA using the contact information below. You can request all three reports at once, or space them out throughout the year. When you make your request, you will need to provide your name, address, Social Security number, and date of birth.

### EQUIFAX

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

### TRANS UNION

PO Box 390  
Springfield, PA 19064  
800-888-4213  
[www.transunion.com](http://www.transunion.com)

### EXPERIAN

PO Box 8030  
Layton, UT 84041-8030  
888-397-3742  
[www.experian.com](http://www.experian.com)

You can also obtain your free copy of your credit report by going to: [www.annualcreditreport.com](http://www.annualcreditreport.com).

Under federal law, this is the only authorized online source for you to get a free credit report.