



Your Rights to Your Credit Reports

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Credit reports are like photographs, they capture a fixed image at a certain point in time. Sometimes a picture shows a person who looks good and is in control of the situation. Other pictures show people in less than perfect circumstances. A credit report is a picture of you in words and numbers and gives others an impression of your behavior. If your credit report indicates that you are generally on time with your credit payments, the impression is positive. If, on the other hand, you are usually late, have not completed some of your loan payments, and have more credit than you can repay, your credit picture is negative.

Federal law requires each of the three nationwide consumer credit reporting companies - Equifax, Experian and TransUnion to give you a free credit report every 12 months if you ask for it. They also make it easy to accomplish many credit-related tasks right from your computer.

The Federal Trade Commission's website, www.consumer.ftc.gov/articles/0155-free-credit-reports and the Consumer Finance Protection Bureau's website, www.consumerfinance.gov/askcfpb/search?selected_facets=category_exact:credit-reporting contain extensive information about credit reports, your rights, and the laws that guarantee these rights. You can learn more about your free reports on their sites at www.consumer.ftc.gov/articles/0155-free-credit-reports and www.consumerfinance.gov/askcfpb/search?selected_facets=category_exact:credit-reporting

Credit reports are provided by three major credit bureaus: Equifax (www.equifax.com), Experian (www.experian.com), and TransUnion (www.transunion.com).

The interest rate you are charged on a loan can vary depending on your credit report. You may even pay higher premiums for insurance or be denied an apartment rental or employment if you have a negative credit history.

This newsletter is an instrument of the Enterprising Rural Families: Making It Work program of University of Wyoming Extension. For further information concerning the Enterprising Rural Families program or on-line course contact information@eRuralFamilies.org or go to <http://eRuralFamilies.org/>.



Tip of the Month

Possible harmful outcomes of authoritarian (dictator) type leadership:

Team members may try to get on the good side of their leader or become "leaders pets."

Excessive competitiveness and rivalry among the members results in tattling, backbiting, cheating, covering up, and gossiping; these

power struggles arise out of the need for individuals to avoid punishment and to look good in the leader's eyes.

Team members cope by becoming submissive and conforming to the team leader's demands; they may become weak in initiative and creativity and, therefore, be ineffective at problem solving and risk taking.

Those who do not submit and conform may become rebellious and defiant, thereby frustrating other team members and weakening the work of the team.

Others may choose to withdraw from the team relationship, either physically or psychologically; they may refuse to speak up or get involved for fear of punishing consequences.



“Your ability to borrow money or use credit depends on several factors including the availability of money, your previous experience borrowing money, and your history of repaying credit obligations.”

Credit reporting companies collect information from companies who have granted credit to you and from public records in state and county offices and courts.

Request a free credit report at www.annualcreditreport.com or by calling 1-877-322-8228.

How Does Credit Work?

Your ability to borrow money or use credit depends on several factors including the availability of money, your previous experience borrowing money, and your history of repaying credit obligations.

Often, people do not know what their credit report says until they are turned down for credit. You may not get a loan because of negative information reported in your credit file. Or you might be turned down for a variety of other reasons such as not employed long enough or new to an area. If you have always paid cash for purchases and haven't borrowed money before, you have no history or proof to indicate the type of credit risk you would be. Lenders have fewer clues in deciding whether to give you a loan. They may take longer to decide to approve a loan, charge you higher interest rates, or turn down your loan application altogether.

The interest rate you are charged on a loan can vary depending on your credit report. You may even pay higher premiums for insurance or be denied an apartment rental or employment if you have a negative credit history. If you establish a credit history early and pay all of your bills on time, you will have laid the foundation that will greatly improve your chances of being approved for a loan in the future.

Your Credit Report

Credit reports are prepared by credit reporting companies (credit bureaus). They are used to make business decisions about you by those who have a legitimate need for the information. Persons or businesses can request copies of your credit report when they plan to use your credit information to 1) extend you credit, 2) consider offering employment, 3) underwrite insurance, 4) rent you a place to live, 5) determine eligibility for certain types of licenses, 6) evaluate other legitimate business needs, 7) determine child support payments, and 8) provide information about the current residence of individuals. Without credit reports and credit bureaus, individual creditors and businesses would need to gather necessary information about potential borrowers themselves. This would be slow, costly, and inconvenient.

Regardless of the credit bureau providing the information, there are four main sections to a credit report:

- 1) Identifying Personal Information - Personal data about an individual consumer including name, current and previous addresses, date of birth, Social Security number, and employer;
- 2) Public Record Information - Information obtained from court records such as repossessions, foreclosures, tax liens, court judgments, bankruptcy, and accounts assigned to collection agencies;
- 3) Credit History Information - A list of creditors that provide data to the credit bureau providing the report and data about the amount of loan or credit limit, highest balance, and timeliness of payments. In the credit history section, the words “paid as agreed” or “current” indicate that credit users have made required payments on time. Late payments are generally reported in increments of 30 days (e.g., 30, 60, 90, and 120 or more days late). Most credit reports list past credit history data on revolving credit accounts (e.g., credit cards) for a specified number of previous months (e.g., 18 to 24 months); and
- 4) Inquiries - Credit report requests as a result of credit card or loan applications by consumers and inquiries for promotional marketing purposes by creditors (often labeled “PRM” to identify them). Annual credit report checkups with each credit bureau will not damage your credit history.



Checking Your Credit Report

Experts recommend that consumers request a credit report at least once a year from each of the three major bureaus to check for inaccurate information and evidence of identity theft. If you stagger your requests (e.g., requesting a free report every four months from a different credit bureau), you are pulling a credit report more frequently to check for errors and evidence of identity theft. People with negative information in their credit file also want to check that it has been removed after 7 years from the delinquency date or 10 years after bankruptcy. It is also a good idea to check your credit report before applying for a substantial loan, like purchasing a house or car, so you are not delayed if it contains incorrect information.

Below are some common errors to look for in a credit report:

- Accounts that are not yours. Perhaps they belong to a family member living at your address or even to a stranger with the same name. Unrecognized accounts could also provide evidence of identity theft;
- Incorrect information such as late payments when bills were paid on time or multiple collection agency notations for a single debt; and
- Negative information (e.g., late payments) remaining after the seven-year “drop-off” period.
- Some errors you might find on your credit report include:
 - Misspelled names, wrong Social Security numbers, inaccurate birthdates, and out-of-date addresses.
 - Accounts that are closed being listed as open.
 - Same mortgage or loan listed twice.
 - Major credit, loan, mortgage, or other accounts not listed.

Under the Fair and Accurate Credit Transactions Act (FACT Act), all Americans are entitled to one free credit report per year (defined as a 365-day period) from each of the three major credit bureaus. Consumers may also get a free report if they request one within 60 days of an “adverse action” (e.g., denial of credit, employment, or insurance) when the decision was based on information from a credit report.

Information needed to make a free credit report request is available on the government-mandated Central Source Web site at www.annualcreditreport.com or by calling 1-877-322-8228. Reports can be ordered online, by phone, or by mail using an Annual Credit Report Request Form available on the Central Source Web site. Online credit reports can generally be accessed immediately. Phone and mail requests will be processed within 15 days of their receipt by the credit report processing service.

Beware of “imposter” Web sites with similar URLs (sometimes with a word intentionally misspelled) or the word “free” in their name. Some have been connected with identity theft schemes while others try to sell expensive credit monitoring or other fee-based services, often after a short, “free trial” period. Consumer advocates have complained that these sites intentionally mislead consumers, who must generally cancel their free trial offers within 30 days to avoid incurring charges.

Credit Report Tips

Request a credit report every year from each of the three major bureaus and check for inaccurate information and evidence of identity theft.

Stagger your requests (e.g. request a free credit report every four months from a different credit bureau) so you can access your credit report more frequently to check for errors and evidence of identity theft.

Do not pay someone to “fix” your credit report and remove negative information. If the information is true, it cannot be removed from your report before the drop-off period.

References:

All About Credit Reports: AnnualCreditReport.com

Credit Reports by J. McKenna, C. Makela, and N. Porter* (7/11) no. 9.141 Colorado State University Extension

