



Improve Your Financial Status: Remove the Errors on Your Credit Report

*How to correct errors on your credit report
and boost your credit score*

Don't Let Credit Report Errors Harm Your Credit Score

Credit report errors are more common than you might think. The negative impact they have on your credit score weakens your ability to obtain additional credit, loans and even employment. The errors appear as part of your credit history, and everyone who uses credit or has a car loan, mortgage or rents an apartment has been building up their credit history.

Your credit history is on your credit report. Each purchase you make with a credit card or monthly bill you pay, such as a car loan, is added to your credit history and applied to your report. If one of your lenders makes an error and reports your car loan payment as late for example, it's marked on your credit report.

As these errors continue to show up on your credit history, your credit score reflects the consequences - it goes down.

Lenders, creditors and employers who view your credit report see the errors and notice your low credit score. It's a poor reflection on you and they could decide you're too much of a risk to qualify for a new line of credit.

When Life Happens...

This guide is designed to help you understand how to make credit corrections, to clear your credit history of errors and improve your credit score. If you'd like professional help or advice in how to make the most of your credit score, please visit www.Debt.com or call 800-810-0989 to find the help you need.

Why is Credit Correction Important?

The importance of credit correction is simple. When errors occur on your report your credit score goes down. When your credit score goes down you become what is known as a "risk" to lenders, banking institutions, property owners and future employers. That alone is

enough to motivate most people to order their credit report and scan their history for mistakes.

These errors occur more than you think. Just look at the stats that prove the point:

- 79% of all credit reports contain some kind of error.
- 1 in 5 contain an error that would negatively impact a consumer's credit scores.
- 1 in 20 contain an error that's bad enough to decrease a consumer's credit scores by 25 points or more.

It's shocking to think that your credit scores are being damaged by errors, and as a consequence, your financial integrity also suffers - especially when total strangers who you may want to get a loan, credit card or job from deny you the opportunity because of these errors. Simply put, the errors make you look bad.

Don't Let Credit Report Errors Make You Look Bad



It's time to make credit report corrections and seize control of your credit score. The first thing to do is order your credit report for free through annualcreditreport.com. You are allowed by law to get a free copy of your credit report every twelve months from each of the three main credit

bureaus - Experian, Equifax and TransUnion. Your credit reports may vary depending on the information used by each of the three; as a result you'll have three different credit scores.

After you receive your credit reports from one convenient location, it's time to carefully analyze your credit history. Remember, it's

important to review all three because one report may have flagged an error, whereas the other two did not.

What Kind of Mistakes Should You Look For?

There are a variety of errors to look for on your credit report. These errors and inaccuracies are the most common:

- **Accounts that don't belong to you**, such as credit card account (this could be fraud).
- **Duplicate accounts**, when the same account is listed more than once.
- **Clerical errors**, such as wrong last name or mistaken alias.
- **Outdated information**, such as your current address if you recently moved.
- **Incorrect postings**, such as missing a loan payment when you did not.
- **Incorrect account balances**, shows an account maxed out when it's not.
- **Outdated credit history information**, such as negative marks that should have been removed.
- **Unauthorized credit checks** that shows a credit check was run without your consent.
- **Old collections accounts** that you have paid and the penalty time has elapsed, but that still appear in your credit report.
- **Paid tax liens** that have not been removed from your report.

How Long Can Penalties be Applied?

The amount of time penalties last on your credit report varies. Most of them last for many years and they can seriously damage your credit score. That's why it's extremely important to thoroughly check your three credit reports. If a penalty stems from an error, correct it and revive your credit score.

Here is a list of penalties and the amount of time they last on your credit report.

• **Inquiries:** This indicates who is looking at your credit report. Inquiries you start after filling out an application for a new credit card or loan last two years. Ordering your own report stays on the report for six months and you are the only one who can see it listed. Personal inquiries do not affect your credit score.

• **Late payments:** The late payment status is removed seven years after the overdue payment was reported.

• **Bankruptcy:** Chapters 7, 11 and non-discharged Chapter 13 bankruptcies are removed in 10 years from the filing date. Chapter 13 bankruptcies are removed seven years from the date discharged.

• **Charge-offs:** When a creditor admits a debt won't be paid they charge it off and take the loss. These last seven years from the date it was charged off.

• **Collection accounts:** Accounts that were sent to collections remain for seven years from the date they went 180 days delinquent.

• **Judgments:** These are ordered by a court against a debtor and remain for seven years from the date it was filed.

• **Tax liens:** Federal, state, city and county liens remain for seven years from the date they were released. They can remain on your report forever if not paid.

• **Repossessions:** These last seven years from the date your loan defaulted.

If You Find an Error - Take Action

If you find an error or errors, it's time to write a letter to the credit bureau. Your letters should be brief and include all the information necessary to make it crystal clear to the bureau that a mistake was made.

Tips for Writing Dispute Letters

Send your letter straight to the credit bureau you are dealing with or to all three bureaus if the error is present on all reports. Use these instructions to make the most impact when writing the letter:

- List your name, address, social security number, and account number (if applicable) at the top of the page - you want this information to stand out.
- Type your letter so it's legible and looks professional.
- Be brief and clear; they don't want to read a novel. They are very busy.
- Explain the error and how to correct it.
- Use certified mail when sending the letter and request a receipt.
- If you have documentation to back your claim send it along - but send copies!
- Keep copies of all letters and documentation.
- Make copies of all correspondence you receive from the bureau.

The credit bureau people are extremely busy taking care of thousands of disputes, so make your letter understandable and to the point. Once the bureau receives it they usually have around 30 days to explore the circumstances and send you back the results.



If corrections were made the credit bureau is under obligation to send you a free credit report proving the corrections were made.

What if I Can't Resolve the Dispute?

If you can't resolve the dispute you can add a 100-word explanatory statement to your file. The credit bureau may help you with the statement if you request assistance. You may also request a description of how the investigation was conducted, including the name, address and telephone number of the source of information. None of these things will help much, though, so it's best to continue with the dispute if possible.

Making the Process Easier - Two Paths to Credit Correction

There are essentially three methods to correct your credit. The first method is the DIY way - Do It Yourself. With true DIY, you review your own reports, write your own letters and track your own disputes. The second way, DIY Software helps you complete the process on your own with a guiding hand to help you along. The last option is hiring a paid credit correcting service.

It's important to note that credit correction can be time consuming and difficult. Unless you know how to make disputes effectively, a bad dispute can actually hurt your chances of having any mistakes corrected. If you don't have the money to hire a service, then DIY software may be the better option so you have at least some guidance to get errors corrected.

DIY Software: Trying to correct your own credit takes patience, diligence, and for the most part, a lot of your valuable time. Even with DIY Software, you'll have to do all the research and figure out the appropriate dispute letters to use and comprehend the jargon used by the credit bureau and credit industry in general. It's certainly not impossible and there are DIY software providers that give you the necessary tools and the proper resources to fix the errors on your

