

CREDIT REPAIR SCAMS AND REPAIRING YOUR OWN CREDIT REPORT



Given the importance of credit and of a good credit rating, it is easy to understand how a company offering to repair a credit report can seem attractive to someone who has had problems. The Division of Finance suggests that a credit repair operation be looked at long and hard before being used. Some credit repair operations may be legitimate but by and large they are not. Stated simply, the law gives a consumer certain rights to accuracy in his credit report and if inaccuracies surface, there is provision for the consumer to get corrections made on his own. If a credit report is repairable, it can be done by the consumer but if it contains accurate, negative information, such as delinquencies or judgments, handing money to a credit repair company will not help.

If a consumer is tempted to contact a credit repair operation, the following actions should be given very serious thought:



1. Contact the Attorney General, Better Business Bureau, Chamber of Commerce, and/or Division of Finance to check for any complaints that may have been made against the company;
2. Be aware that accurate negative information normally cannot be changed or eliminated and that consumers can remove old or inaccurate information on their own (see below);
3. Be very skeptical of any requests for an advance fee or a fee before the job has been completed. A guarantee of performance is only as good as the company standing behind it.

The Federal Fair Credit Reporting Act gives the consumer rights. If getting credit is a problem, the consumer should try to check the report on his own. The report will show, in very brief code, what the individual's credit history how much credit, what kind of credit and payment records looks like, both good and bad. Potential creditors and some employers look to that credit report in deciding whether to extend credit or offer employment. If a potential creditor denies credit because of the information on the credit report, it must say so, in writing, and identify the credit bureau or bureaus which supplied the information.

The law requires credit bureaus to share any information in the file with the consumer. If a problem has developed, the consumer may:

1. Contact a local credit bureau. These can be located by the address given in the turndown form from the creditor, in the yellow pages, or by asking any creditor such as a bank.
2. Seek a copy of the credit report. If credit has been denied within the last 30 days, the report is

free under federal law. If there has been no credit denial within the last thirty days, the citizen may be obliged to pay a fee, usually less than \$20.

3. Note that the report will list all credit inquiries for the last six months and employer inquiries for the last two years.
4. Review the report bearing in mind that any negative information must be stricken after seven years except for a bankruptcy which may remain in the file for ten years; a judgment may be reported until the statute of limitations runs or seven years, whichever is longer. Positive information never becomes stale .



Credit bureaus must, under the law, provide written explanations of the code and have personnel on hand to explain the credit report so that the coding can be understood.



Where mistakes are discovered, the consumer should take the following action:

1. Identify the difficulties, in writing, to the credit bureau giving as much backup material as is available. The bureau must reinvestigate and remove any negative information which is found to be inaccurate or which cannot be verified.
2. If necessary, contact the creditor to be certain that the information there is correct.
3. If a dispute remains, file a short (not more than 100 words) version of the facts with the credit bureau and, by law, it must be included in the report.

A credit bureau must, free of charge, reinvestigate any disputed information and correct any mistake or delete any information which is stale or which cannot be verified. A credit bureau must send a corrected copy of the credit report to any creditor who has received an incorrect version within the previous six months or employer who got the incorrect version within the last two years.

Unquestionably, a good credit rating is important. The law gives the right to accurate credit information and there is nothing a credit repair operation can do that the citizen cannot do on his own.

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Missouri Division of Finance
Steven M. Geary
Associate General Counsel/ Consumer Credit
(314) 751-3463