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THEY KNOW THE (CREDIT) SCORE

In this electronic age, nearly every consumer and commercial lender relies on “credit scores” to approve or decline credit applications. Theoretically, scores predict how we pay our bills – and everyone with a credit history has a score. It distills into one number everything credit bureaus know about your debts: like how many years you’ve had credit cards, how much credit you use, and how many times you’ve paid bills late or not at all.

The most commonly used system is Fair Isaac, which puts your number anywhere from 300 (forget it, pal) to 850 (take our money, please) The median score in the U S is 720. You may get different scores from different bureaus because of an error in your file or because one bureau lists a debt the others don’t. When you apply for a credit card or auto loan, you are often judged by that number alone.

Generally speaking, credit scoring is a benefit to consumers and small businesses. Most of us have acceptable credit, so our scores can produce an instant “yes” in department scores and auto showrooms. More recently, quick approvals have become commonplace for small business loans, equipment financing and mortgage loans.

Unfortunately, credit-reporting agencies frequently provide misinformation (26% contain errors). In this age of instant credit (and credit reporting), your credit history is a valuable asset. Credit reporting agencies are required by law to provide you copies of your credit report and to investigate and respond to any discrepancies. To make sure you are being presented correctly, you can request your credit file (for a nominal fee) from the major bureaus. It’s often worth the time and effort.

Equifax Information
www.Equifax.com

Experian
www.Experian.com

Trans Union Corporation
www.TransUnion.com

Although credit reports are theoretically free by a new government mandate, their website is difficult to use and doesn’t include credit scores. One alternative is to buy your report and scores from www.myfico.com and order the \$44.85 package that contains all three bureau reports and scores.