

Credit Reports & Scores



Credit Reports are documents that list:

- Your name and address
- Your debts and some of the bills you pay
- Public record information
- Your applications for new credit and other “inquiries” when lenders or other businesses request a copy of your credit report

Companies that compile credit reports are often referred to as credit reporting agencies, credit bureaus, or credit reporting companies. Equifax, Experian, and TransUnion are the three nationwide credit reporting agencies. If you have a credit history, you will likely have at least three credit reports.

What is a Credit Score?

Credit scores are numbers based on information in your credit reports. Credit scores predict how likely you are to pay your bills and debts as agreed.

People with better (higher) credit scores are likely to present a lower risk to creditors than people with lower credit scores. Higher credit scores indicate you have paid your bills and debts as agreed in the past and are likely to do so in the future.

Who uses a Credit Score?

Credit reports and scores may be used by financial institutions, landlords, utility companies, cell phone companies, insurance companies, and employers.

The Basics of Credit Scoring

A credit score is a number based on information in your credit reports. Generally, the higher the number, the better your credit history. Credit scores help predict if you will pay what you owe on time and as agreed. People with better (higher) credit scores are likely to present lower risk to lenders and other businesses than people with lower credit scores.

Exceptional	800 – 850
Very Good	740 – 799
Good	670 – 739
Fair	580 – 669
Poor	300 – 579

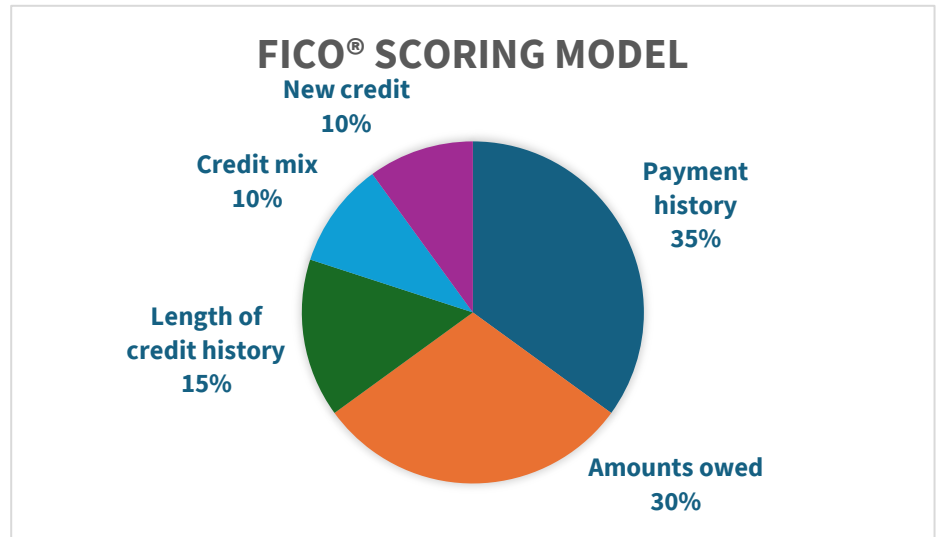
Two significant factors affect your scores:

- If you repay your debts on time and as agreed.
- How much do you currently owe on each account compared to the credit limit or original loan amount? This is your credit utilization rate.

FICO® weighs information from your credit reports in its general credit scoring model. The information it considers includes:

- Payment history (35%)
- Amounts owed (30%)
- Length of credit history (15%)
- Credit mix (10%)
- New credit (10%)

Note: Other models may weigh information differently.



Requesting and Understanding Your Report

You have the right to accurate information in your credit reports. The only way to determine if the information is accurate is to request and review your credit reports regularly. Federal law requires consumer reporting agencies to provide you with a copy of the information in your report if you request it. **The law also gives you the right to one free credit report every 12 months from each nationwide credit reporting agency.**

There are three nationwide credit reporting agencies—Equifax, Experian, and TransUnion. These credit reporting agencies are the most widely and often used.

annualcreditreport.com is the only place you can get the free credit reports you are entitled to under the law.

Disputing Errors on Your Credit Report

There can be errors on your credit reports. The only way to know if there are mistakes is to request and review your credit reports. If you do find an error, it's important to file a dispute. A dispute is a form that prompts credit bureaus to investigate errors on your credit report. Mistakes could bring your credit scores down.

There are common types of errors: errors related to your identity, errors related to the incorrect reporting of account status, and data management errors. There can also be balance errors and errors related to reporting outdated information.

There are two common ways to dispute errors on your credit reports:

- Option 1: Use the online forms on the [Equifax](http://www.equifax.com/) (www.equifax.com/), [Experian](http://www.experian.com/) (www.experian.com/), and [TransUnion](http://www.transunion.com/) (www.transunion.com/) websites.
- Option 2: Send a letter via certified mail, with return receipt requested.

After you file a dispute, you will receive a letter from the credit reporting agency with the results of your dispute. The incorrect information should not appear again, but it might. The dispute process takes time. Keep records, follow up, and don't give up.

This information is an excerpt from the FDIC Money Smart for Adults Credit Reports and Scores Module. Visit the [FDIC website](http://www.fdic.gov/consumer-resource-center/money-smart) (www.fdic.gov/consumer-resource-center/money-smart) for more information or contact us at 1-800-257-1705 for printed materials.