

Credit Report Basics

Suzanne McGarvey, M.S.; Updated by Robert O. Weagley, Ph.D., Department Chair, Personal Financial Planning, University of Missouri Extension



Do you ever wonder how lenders decide who gets a loan and who doesn't? Ponder why you were turned down for that credit card? Think that you might file for bankruptcy and hope no one will ever know? If so, you need to know more about your credit report, how it works, and how it can affect your financial future. The following information covers the basics about what a credit report is, who uses it, how to obtain a copy of your own, and correcting a mistake if you find one.

What is my credit report?

Your credit report is a compilation of financial data about you. Credit bureaus across the country compile credit information from banks, finance companies, merchants, credit card companies and other creditors and enter it into a centralized computer system. Your report contains personal information such as your address, social security number and birth date. It may also contain information about your employment and income, spouse's information, former addresses, etc. More importantly, your credit report has detailed information about credit transactions and balances due, payment history, suits, judgments and tax liens. Your record also shows if you have declared bankruptcy. This is especially important to note, because this information will not be removed from your file for seven to ten years!

Who uses my credit report?

A potential creditor will usually check your credit report when you apply for a loan or credit card or rent an apartment. The lender or company will request a copy of your report and make their lending decision after reviewing your history. The lending company, not the credit bureau, makes the decision about whether or not you are approved. Potential employers may want to see your credit report as well, and there is nothing in the law to prohibit employers from obtaining a credit score if you give them written permission. Your report cannot be used by just anyone who wants information about you (such as friends). Anyone requesting a copy of your report must want it for an approved purpose and must be able to provide proof that they are a legitimate company with the right to view your report.

Can I see a copy of my credit report?

Yes, and in fact, it is a good idea to periodically check your credit report to be sure that the information is correct. Congress created the 1971 Fair Credit Reporting

Act, which gives you the right to see a copy of your report. As of March 1, 2005, you can order a free credit report one time each year. The three largest credit reporting bureaus are using one central address to provide this information. Do not contact the credit bureaus directly to obtain your free annual credit report.

To order your free credit report:

- Visit www.annualcreditreport.com
- Call 1-877-322-8228; OR
- Print the form at <https://www.annualcreditreport.com/cra/requestformfinal.pdf> and mail it to:
Annual Credit Report Request Service
PO Box 105281
Atlanta, GA 30348-5281

Be cautious about companies offering free credit reports on slick TV commercials, on websites or in magazine advertisements. Many of them have a snag such as having to pay a hidden fee for some other service they offer or requiring a subscription of some kind. **You do not need a company to obtain a free credit report for you; you can do it yourself.** The contact information listed directly above is the official place to get your free credit report.

You can contact the three large credit reporting bureaus directly to request a free credit report every twelve months if:

- you have been turned down for credit, employment or insurance within the last thirty days due to something in your credit report;
- you are unemployed and plan to seek employment within 60 days;
- you are on welfare; or
- your report is inaccurate due to fraud.

Otherwise, you usually have to pay a small fee to obtain a copy of your report from the credit bureaus.

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Credit Report Basics *(continued)*

The three largest credit bureaus are:

- **Equifax**
P.O. Box 740241
Atlanta, GA 30374
1-800-685-1111
- **Trans Union**
2 Baldwin Place, P.O. Box 2000
Chester, PA 19022
1-800-888-4213
- **Experian**
P.O. Box 2002
Allen, TX 75013
1-888-397-3742

There is also another large credit bureau called [Innovis DataSolutions](#). This bureau differs from the other three main ones, however, because it sells your credit information to companies that compile mailings for unsolicited

mail, including credit cards. You can also look under "Credit Bureaus" in your local yellow pages.

There is a mistake on my credit report. Now what?

If you find an error on your credit report, contact the credit bureau. If the information is very old (more than seven to ten years), you should ask to have the information deleted. If it is a more recent error, provide as much information as you can about the situation. The bureau must investigate the problem. You also may try contacting the reporting party to see if they can help you resolve the situation. If you cannot resolve the issue, you can file a written statement of up to 100 words with the credit bureau telling your side of the story.

Note: Beware of credit repair scams that promise to erase your bad credit history. You can take the same steps they will take to remove incorrect information without having to pay a high fee. Information that is legitimate, however, cannot be magically erased--by anyone!