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HOW TO IMPROVE YOUR

## CREDIT REPORT

It is important to know what you can do to change information that is reported about your past credit history. It is also important to know what cannot be done. The first two parts of this section tell you what courses of action are available to you when you spot errors or omissions in your credit report. The third part of this section explains how time and three special circumstances affect your credit report, and when you can ask that negative information be removed.

### HOW TO CORRECT ERRORS

Your credit file may contain errors that can affect your chances of obtaining credit in the future. Under the Fair Credit Reporting act, you are entitled to have incomplete or inaccurate information corrected without charge.

If you dispute information in your report, the credit bureau must reinvestigate in within a "reasonable period of time" unless it believes the dispute is "frivolous or irrelevant." To check on the accuracy of a disputed item, the credit bureau will ask the creditor in question what its records show. If the disputed item is on the public record, the credit bureau will check there instead. If a disputed item cannot be verified, the credit bureau must correct the error. If the item is incomplete, the bureau must complete it. For example, if your file showed accounts that belong to another person, the credit bureau would have to delete them. If it showed that you were late in making payments but failed to show that you are no longer delinquent, the credit bureau would have to add information to show that you payments are now current. Also, at your request, the credit bureau must send a notice of the correction to any creditor who has checked your file in the past six months.

Your credit file may not contain information on all of the accounts you have with creditors. Although most national department stores and all-purpose bank credit card accounts will be included in your file, not all creditors supply information to credit bureaus. For example, some travel-and-entertainment and gasoline card companies, local retailers and credit unions do not report to credit bureaus.

## **HOW TIME AFFECTS YOUR CREDIT REPORT**

Under the Fair Credit Reporting Act, credit bureaus can report most negative information for no more than seven years. The seven-year period runs from the date of the last regularly scheduled payment that was made before the account became delinquent unless the creditor later took action on the account, such as charging it off or obtaining a judgement for the amount due. If a creditor took such an action, the seven years would run from the date of that event. For example, if a retailer turned over your past-due account to a collection agency in 1977, a credit bureau may report this event until 1984. You should be aware that if you made a payment after 1977 on this account, your action would not extend the permissible reporting period beyond 1984.

There are exceptions to the seven-year rule. Bankruptcies may be reported for 10 years. Also, any negative credit history information may be reported indefinitely in three circumstances:

- If you apply for \$50,000 or more in credit
- If you apply for a life insurance policy with a face amount of \$50,000 or more
- If you apply for a job paying \$20,000 or more (and the employer requests a credit report in connection with the application)

You can contact the credit bureau if you believe the negative information is being reported beyond the permitted period and ask that it be removed.