



CREDIT REPORT AND CREDIT SCORES

A Credit Report is a record of your credit history that includes:

- Your identity – including: name, address, social security number, date of birth;
- Information on existing credit accounts and loans, and accounts that were active during the last 7 years - including: credit cards, mortgages, car, or student loans;
- Court actions brought against you – including court judgments, tax liens against your property, or personal bankruptcy actions;
- Credit inquiries – that is, a list of entities that have requested your credit report because you have sought credit, applied for a job or applied to rent housing.

Your credit report is used to assess your credit worthiness and how well you manage your financial responsibilities. Based on the information in your credit report:

- Lenders determine whether to extend credit to you and the interest rate they will offer;
- Insurance companies decide whether to insure you and the rates they will charge;
- Utilities and service companies decide if they will provide services and under what terms (e.g. whether you must pay a security deposit);
- Employers decide whether to hire you for certain jobs (but only if your credit history is substantially related to the job you applied for and you are advised, in writing, that your credit report will be reviewed).

Credit Scores are calculated using information contained in your credit report.

Credit scoring companies (such as the Fair Isaac Corporation or “FICO”) use a mathematical formula to convert the information in your credit report into a number between 300 and 850. Lenders use credit scores to determine how much risk they will take in lending you money - the higher your score, the lower the lender’s risk, and the lower the interest rate they will offer.

Credit scores take into account:

- Your payment history - whether you pay your bills on time;
- The amount of your outstanding debt and how much of your available credit you are using;
- The length of your credit history – that is, how long have you been borrowing money;
- How much “new debt” you have – the number and proportion of recently opened accounts, and
- The number of creditors and types of debt you have (installment loans, revolving credit, mortgages, etc.)

Under both Maryland and Federal law, you are entitled to a free copy of your credit report annually from each of the three nationwide credit reporting companies. To get your free credit report, go to:

- Experian: www.exerpian.com/disputes
- Equifax: www.equifax.com/correct-credit-report-errors/en
- TransUnion: www.transunion.com/personal-credit/credit-disputes/credit-reports-disclosures.page
- www.annualcreditreport.com or call (877) 322-8228 to access all three bureaus at once.

- **Credit bureaus are allowed to charge a “reasonable” fee to provide your credit score.** Be wary of websites or companies that offer “free” credit scores as many of them only provide a free score if you buy other services.

Request a copy of your credit report regularly to ensure that potential lenders receive accurate information about your credit history and to guard against identity theft:

- Spread out your credit report requests - Instead of requesting reports from all three bureaus at the same time each year, request a report from just one of the bureaus every four months.
- Review the report carefully to make sure all of the information relates to your credit activity and that the information is accurate.

If you find inaccurate information, request that it be corrected immediately.

- Inform the credit bureau, in writing, of what information you think is inaccurate and why, and include copies of documents that support your claim. Send your letter by certified mail, “return receipt requested,” so you can be sure (and prove) that the credit bureau received your letter.
- The credit bureau must investigate the inaccuracies you report - usually within 30 days. If the creditor agrees that disputed information is inaccurate, it must notify all three credit reporting companies so they can correct the information in your file.
- When its investigation is complete, the credit bureau must give you the results in writing and a free copy of your report if the dispute results in a change. This free report does not count as your annual free report.
- If an item is changed or deleted, the credit bureau cannot put the disputed information back in your file without further documentation from the creditor.
- Ask the credit bureau to report all corrections to anyone who received your report in the past six months. You can have a corrected copy of your report sent to anyone who received a copy during the past two years for employment purposes.
- If the investigation doesn’t resolve your dispute with the credit bureau, ask that a statement of the dispute be included in your file and in future reports.

Information in your credit report can be used for marketing purposes unless you “opt out.”

While the credit bureaus cannot share the details of your report with others except for the purposes listed above, they can sell your name and contact information to businesses who request lists of people who meet specified criteria:

- Some businesses want these lists so they can “target” their advertising to consumers who are most likely to want and be able to afford their products or services. For example, a business may want a list of people who make more than \$150,000 a year, who have a credit score of over 680 and who live in a particular zip code.
- Some businesses ask for lists of people for whom credit reports have been pulled by competitors to generate sales leads.

If you do not want your name and contact information to be included in such lists, you can “opt out” by going to www.optoutprescreen.com or calling (888)-567-8688. You can request to opt out for five years or permanently and can request to “opt in” if you later decide that you want to get such offers.

For more information about this and other consumer credit topics contact:

The Howard County Office of Consumer Affairs: 410-313-6420

<http://consumer.howardcountymd.gov>.

To obtain this factsheet in an alternative format, please contact the Office of Consumer Affairs at 410-313-6420(voice/relay) or email us at consumer@howardcountymd.gov