

What is the difference between a credit report and a credit score?

Your credit reports and your credit scores are two different things. A credit report is a statement that has information about your credit activity and current credit situation such as loan paying history and the status of your credit accounts. Your credit scores are calculated based on the information in your credit report.

Your credit score, as well as the information on your credit report, are important for determining whether you'll be able to get a mortgage, credit card, auto loan, or other credit product, and the rate you'll pay. Your credit scores are calculated based on the information in your credit report.

You have many different credit scores, and there are many ways to get a credit score. Your score can differ depending on which credit reporting agency provided the information, the scoring model, the type of loan product, and even the day when it was calculated. Higher scores reflect a better loan paying history and make you eligible for lower interest rates.

Errors on your credit report can reduce your score artificially - which could mean a higher interest rate and less money in your pocket - so it is important to check your credit report and correct any errors well before you apply for a loan.

You have many different credit scores

It's normal to see slightly different numbers

EXAMPLE:



You saw your credit score online, provided by your credit card company

EXAMPLE:



You signed up for a separate, free credit monitoring service, and checked your score there

EXAMPLE:



Your auto lender showed you the credit score it used to evaluate your loan application

TIP: At a given point in time, lenders are probably looking at slightly different scores than the ones you see.

Scores are calculated at different times, in different ways



Credit report data

A score uses data from a credit reporting company, and each may have slightly different data:

- Equifax
- Experian
- TransUnion
- Others



Timing

Your scores are not calculated on a fixed schedule, so they depend on:

- When data is updated at a reporting company
- When your score is actually calculated



Scoring models

Companies have created multiple versions of their scoring models and update them frequently:

- FICO
- VantageScore
- Other custom models

TIP: Parts of the credit score business are beyond your control. What you can do is make it a habit to check your credit reports each year through annualcreditreport.com and fix any errors.

Your credit history and behavior form the basis of your credit scores



Payment history



% of available credit used



Current unpaid debt



Type of debt and when it started



Length of credit history



New applications for credit

TIP: The way you use and repay debt affects your credit score, so your score can be helpful in tracking and improving your credit use and behavior. Paying loans on time and staying well below your credit limit helps you get and keep good credit scores.

How do I get a copy of my credit reports?

You are entitled to a free credit report every 12 months from each of the three major consumer reporting companies (Equifax, Experian and TransUnion). You can request a copy from AnnualCreditReport.com.



You can request and review your free report through one of the following ways:

- **Online:** Visit AnnualCreditReport.com
- **Phone:** Call (877) 322-8228
- **Mail:** Download and complete the Annual Credit Report Request Form.
- **Mail the completed form to:**
Annual Credit Report Request Service
P.O. Box 105281
Atlanta, GA 30348-5281

You can request all three reports at once or you can order one report at a time.

By requesting the reports separately (for example, one every four months) you can monitor your credit report throughout the year. Once you've received your annual free credit report, you can still request additional reports. By law, a credit reporting company can charge no more than \$13.50 for a credit report.

You are also eligible for reports from specialty consumer reporting companies. You must request the reports individually from each of these companies. Many of the companies in this list will provide a report for free every 12 months. Other companies may charge you a fee for your report.

You can get additional free reports if any of the following apply to you:

- You received a notice that you were denied credit, insurance, or employment or experienced another "adverse action" based on a credit report, you have a right to a free report from the credit reporting company identified in the notice.
- You believe your file is inaccurate due to fraud.
- You have requested a credit report from a nationwide credit reporting company in connection with the placing of an initial fraud alert (you may request two free copies for an extended fraud alert).
- You are unemployed and intend to apply for employment within 60 days from the date of your request.
- You are a recipient of public welfare assistance.
- Your state law provides for a free credit report.

Tip: Be cautious of websites that claim to offer free credit reports. Some of these websites will only give you a free report if you buy other products or services. Other websites give you a free report and then bill you for services you must cancel. To get the free credit report authorized by law, go to AnnualCreditReport.com or call (877) 322-8228.

How do I get and keep a good credit score?

There is no secret formula to building a strong credit score, but there are some guidelines that can help.



1. **Pay your loans on time, every time:** One way to make sure your payments are on time is to set up automatic payments or set up electronic reminders. If you've missed payments, get current and stay current.
2. **Don't get close to your credit limit:** Credit scoring models look at how close you are to being "maxed out," so try to keep your balances low compared to your total credit limit. If you close some credit card accounts and put most or all your credit card balances onto one card, it may hurt your credit score if this means that you are using a high percentage of your total credit limit. Experts advise keeping your use of credit at no more than 30 percent of your total credit limit. You don't need to revolve on credit cards to get a good score. Paying off the balance each month helps get you the best scores.
3. **A long credit history will help your score:** Credit scores are based on experience over time. The more experience your credit report shows with paying your loans on time, the more information there is to determine whether you are a good credit recipient.
4. **Only apply for credit that you need:** Credit scoring formulas look at your recent credit activity as a signal of your need for credit. If you apply for a lot of credit over a short period of time, it may appear to lenders that your economic circumstances have changed negatively.
5. **Fact-check your credit reports:** If you spot suspected errors, dispute them. If you have old credit card accounts you are not using, keep an eye on them to make sure that an identity thief is not using them.

Tip: If you are new to credit, consider getting a product designed to help you establish and build credit. Financial institutions have developed an array of products and services, such as secured credit cards and credit builder loans, tailored to helping consumers new to credit to establish and build credit.

How do I dispute an error on my credit report?

To dispute an error on your credit report, contact both the credit reporting company and the company that provided the information.

How to dispute an error on your credit report

1. Dispute the information with the credit reporting company

If you identify an error on your credit report, you should start by disputing that information with the credit reporting company (Experian, Equifax, and/or Transunion). You should explain in writing what you think is wrong, why, and include copies of documents that support your dispute.

If you mail a dispute, your dispute letter should include:

- Contact information for you including complete name, address, and telephone number
- Report confirmation number, if available
- Clearly identify each mistake, such as an account number for any account you may be disputing
- Explain why you are disputing the information
- Request that the information be removed or corrected
- Enclose a copy of the portion of your credit report that contains the disputed items and circle or highlight the disputed items. You should include copies (not originals) of documents that support your position.

You may choose to send your letter of dispute to credit reporting companies by certified mail and ask for a return receipt, so that you will have a record that your letter was received.

You can contact the nationwide credit reporting companies online, by mail, or by phone:

Equifax

Online: www.equifax.com/personal/credit-report-services/credit-dispute/

By mail: Download the dispute form
Mail the dispute form with your letter to:

Equifax Information Services LLC
P.O. Box 740256
Atlanta, GA 30348

By phone: Phone number provided on credit report or (866) 349-5191

Experian

Online: www.experian.com/disputes/main.html

By mail: Use the address provided on your credit report or mail your letter to:

Experian
P.O. Box 4500
Allen, TX 75013

By phone: Phone number provided on credit report or (888) 397-3742

TransUnion

Online: <https://dispute.transunion.com>

By mail: Download the dispute form
Mail the dispute form with your letter to:

TransUnion LLC
Consumer Dispute Center
P.O. Box 2000
Chester, PA 19016

By phone: (800) 916-8800

TIP: Keep copies of your dispute letter and enclosures.

2. **Dispute the information with the company who provided the information (also known as the furnisher)**

What happens after you dispute information on your credit report?

Tip

If you suspect that the error on your report is a result of identity theft, visit IdentityTheft.gov, the federal government's one-stop resource to help you report and recover from identity theft.

Credit reporting companies must investigate your dispute, forward all documents to the furnisher, and report the results back to you unless they determine your claim is frivolous. If the consumer reporting company or furnisher determines that your dispute is frivolous, it can choose not to investigate the dispute so long as it sends you a notice within five days saying that it has made such a determination.

If the furnisher corrects your information after your dispute, it must notify all the credit reporting companies it sent the inaccurate information to, so they can update their reports with the correct information.

If the furnisher determines that the information is accurate and does not update or remove the information, you can request the credit reporting company to include a statement explaining the dispute in your credit file. This statement will be included in future reports and provided to whoever requests your credit report.