Is Your Credit Positive or Negative?

Consumers with a positive credit history have generally made solid financial decisions over time. They have likely maintained a low debt to income ratio and have paid almost every bill on time. Consistency with large purchases like homes and cars can also reflect a positive credit report. Also, people with high credit scores most likely have very few, if any, errors on their report.

A low credit score can also occur over time. Consumers who have struggled with making payments on their debts will most likely have a lower credit score. A large amount of debt, depending on how low a person's income is, could also have a negative impact on a person's credit report. Did you know that every time you apply for a line of credit, the inquiry will show on your credit report? The number of inquiries you have over a period of time could negatively affect your credit. It's also important to check your credit report on a consistent basis to make sure there has not been any false information reported.

If you have poor credit, then there are two important things you can begin doing right away - begin making smart money decisions to build positive credit and evaluate the poor credit you already have. Evaluating the negative information on your credit report will not make the information disappear, but rather give you an opportunity to correct any mistakes that may have been made.

Mistakes can end up on your credit report for a variety of reasons.

Maybe at some point you applied for credit under a different name. For example, this can happen for married and divorced women, who have used their maiden name, married name, or any combination thereof, including hyphens, when applying for credit.

Other mistakes can happen on the clerical side. For example, many credit applications are hand-written, sometimes making them challenging to read. You may have written or typed something inaccurately, like your Social Security Number. A mistake could also happen if loan or credit information is accidentally applied to the incorrect account.

Your Credit Rights

Under the Fair Credit Reporting Act, or FCRA, you have the right to request a free credit report from each of the nationwide consumer reporting companies (Equifax, Experian, and TransUnion) once every 12 months. If you contest the information in your report and file a formal dispute with the Credit Reporting Agency and the company that supplied the information to the agency, the agency *and* the supplying company may be legally obligated to investigate the dispute.

The Fair Credit Billing Act, or FCBA, and the Electronic Fund Transfer Act, or EFTA, establishes procedures for resolving billing errors. Billing errors may include charges or transfers that you have not authorized, as well as computation errors.

Other acts that may be relevant include the Equal Credit Opportunity Act and the Fair Debt Collection Practices Act.