



Learn How to Check Your Credit Score in 4 Easy Ways

Description

The importance of credit cannot be overstated. You will have a simpler (and more financially advantageous) time applying for a home or student loan if you have a good credit score. Employers, insurance, and landlords may also use your credit score to assess you.



When you initially get a credit card, you will be given a credit score and report in your name. You can even obtain a credit score without having a credit card. You most certainly have one if you've ever taken out a loan or had bills. So, the question is, do you know what your credit score is?

You should be conscious of where you stand right now. Here's a quick and simple way to check your credit score right now.

How to Determine Your Credit Score

There are at least four ways to check your credit score, according to the Consumer Financial Protection Bureau:

1. **Look over your bank, credit card, or loan statements.** Many financial companies provide their

consumers with free credit scores. Your score is usually available on your monthly bill or by going into your account online. To receive your scores, you may need to sign up for the service.

2. Make use of a free credit score service. Before signing up for a credit score service, make sure you read the conditions. While some credit scoring firms provide free credit reports, others only send reports to consumers who pay monthly fees for credit monitoring services.

3. Purchase credit ratings from a credit bureau or another service provider. Credit scores can be obtained from one of the three major credit reporting agencies: Equifax, Experian, or TransUnion. Other paid providers, including FICO and VantageScore, get access to your scores as well.

4. Speak with a non-profit counselor. Credit counselors will frequently provide you with your credit report and score for free and will go over the data with you. When looking for a credit counselor in your area, the National Foundation for Credit Counseling is a fantastic place to start.

It is critical to thoroughly review your reports for any flaws or inconsistencies. A negative credit report can lower your total score. Get a free Experian credit report today to see if anything is affecting your credit score.

What are the various credit score ranges?

Keep in mind that there are several credit scoring models, and you most likely have multiple credit scores when you obtain your credit score. Depending on the site or bureau, your credit score may differ.

FICO and VantageScore are two popular scoring algorithms. However, these scores can be broken down even more. Debt.com reports that there are at least 16 alternative FICO credit scores, several of which are industry-specific.

Try not to focus too much on the particular credit score number. Instead, concentrate on the credit range in which your score sits since this will tell you where your credit stands and whether it is low, fair, good, very good, or extraordinary.

A good FICO score ranges from 670 to 739, whereas a good VantageScore is from 720 to 780. If a FICO credit score goes below 670, it is deemed fair or terrible. A VantageScore between 658 to 719 is regarded as fair, while scores of 600 or lower are deemed poor or extremely poor.

To compare the two, consider the following:

Ranges of credit scores

FICO

- Poor: 580
- Fair: 580-669
- Good: 670-739
- Very Good: 740-799
- Exceptional: 800+

Vantage Score

- Very Poor: 300-600
- Poor: 601-657
- Fair: 658-719
- Good: 720-780
- Excellent: 781-850

In general, having a good or superior credit score increases your chances of qualifying for credit products with favorable interest rates and terms. Lower credit scores make it more difficult to qualify for loans and credit cards, and you will almost certainly pay higher interest rates.

As a result, you may end yourself paying thousands more in debt over the course of your life. If your credit is poor, consider making efforts to improve it before applying for new credit.

What influences your credit score?

When you receive your credit score, you should also receive a list of up to five factors that influence your credit score.

1. Payment history accounts for 35% of your credit score.
2. Outstanding debts: 30% of your credit score
3. Credit history length: 15% of your credit score
4. Credit mix: 10% of your credit score
5. New credit is worth 10% of your credit score.

What is harming your credit score?

As the scoring elements listed above show, certain aspects of your credit history can have a significant impact on your credit score. The following factors have the greatest negative impact on your credit:

- **Payments that are late or missing:** Making on-time payments is one of the best credit habits you can develop because your payment history accounts for the majority of your credit score. According to FICO, missing even one payment can result in a 180-point drop in your credit score, depending on how long the payment is late and your credit history.
- **Large debt balances:** Your credit utilization percentage – the percentage of available credit that you

use – contributes to up to 30% of your credit score. As a general guideline, keep your credit utilization rate under 30%. The smaller the number, the better.

• **Account information that is negative:** Certain items in your credit report can have a long-term negative impact on your credit score. Bankruptcies, foreclosures, repossessions, charge-offs, and settled accounts are all examples of bad account information that can stay on your credit report for up to seven years or more.

Category

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