



Learn Why You Should Check Your Credit Reports

Description

Your credit history and credit ratings are critical pieces of information for your overall financial well-being.



Viewing your credit history and credit ratings (as shown on your credit reports) may assist you in comprehending your current credit situation.

In general, a credit score is a three-digit number that represents your credit risk (the likelihood that you will pay your debts on time). Your credit history is a record of how you have handled credit accounts in the past. It may include information about your current and previous credit accounts, your payment history, and the total amount you owe. Although credit scoring methods differ, credit scores are derived using your credit reports.

Potential lenders and creditors, such as credit card companies, mortgage lenders, and auto lenders, may use your credit scores and credit history, along with a variety of other factors, to make lending decisions. These businesses want to know how likely you will repay the money they lend you on time.

As a result, it's critical to frequently monitor your credit scores and credit reports. Your credit scores and credit history are two aspects that may influence your loan terms, including interest rate, so make sure the information on your credit reports is correct and up to date.

Contrary to popular misconception, credit scores are not part of your credit reports; however, they are computed using data on your credit reports and may be sent with them. You may also be unaware that

you have more than one credit score because each credit bureau or firm that distributes credit scores calculates them using a different credit scoring algorithm. As a result, your credit scores may fluctuate. Another reason your score may fluctuate is that not all lenders report to all three federal credit bureaus. As a result, some people report to only two people, one person, or none at all.

Checking your credit reports at least once a year is a smart idea. But, first, review your Equifax credit report using our checklist.

You are entitled to a free copy of your credit reports from each of the three nationwide credit bureaus every 12 months by visiting www.annualcreditreport.com. You can also sign up for my Equifax account to receive six free Equifax credit reports per year. In addition, on my Equifax dashboard, click “Get my free credit score” to enroll in Equifax Core Credit™ for a free monthly Equifax credit report and a free monthly VantageScore® 3.0 credit score based on Equifax data. A VantageScore is one of several credit scores.

Familiarizing yourself with the information on your credit reports may assist you in deciding whether or not to apply for credit.

Furthermore, reviewing your credit report regularly allows you to:

But, first, determine whether or not the information is correct or full.

You’ll want to double-check that your personal and credit account information is correct and full and that no strange accounts are included. If you notice something that you believe is incorrect or incomplete, contact the firm that provided the information. You can also challenge the facts with the credit bureau that provided the report. To register a dispute with Equifax, you must first create your Equifax account. Then, visit our dispute page to learn about other ways to file a disagreement.

If you notice information on your credit report from one of the three federal credit bureaus that you feel is the result of fraud, contact the firm that reported the information and alert them that there may be fraudulent activity. You should also examine copies of your credit reports from the other two credit bureaus to determine if the same information is recorded there as well.

One thing to keep in mind about hard inquiries: lenders and creditors occasionally employ third parties to retrieve credit reports in response to a loan application, so the name of the inquiry business may not be instantly familiar. It may not be the same as the lender. If you notice a name that you don’t recognize but have recently applied for credit, you can verify with the lender to determine if a third party pulled your credit reports. Learn more about what you can do if you suspect that information in your credit reports is the product of fraud.

Understand what lenders may observe.

Preparation is essential if you intend to apply for credit, especially making a significant purchase such as a house or a vehicle. Examining your credit reports might offer you an idea of what lenders will notice if you seek credit. It’s also a good idea to understand hard inquiries and how they function, especially if you’re making a major purchase.

Ensure that all accounts are appropriately reported.

When reviewing your credit reports, ensure that your lenders and creditors accurately and thoroughly reflect your payment history. You should also ensure that any previous information that could be regarded as “bad,” such as late payments or bankruptcies, has been removed from your credit report once the required length of time has passed.

Whether you are prepared to buy a home, a new automobile, or stay on top of your money, checking your credit reports and credit scores can help you take the next step.

Category

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