
Checking Your Credit Report

Reasons to Check Your Credit Report

Credit information - an individual's financial history - is an integral part of modern life. Most often used when a consumer applies for a loan, credit reports are also considered when an individual applies for life, auto, or home insurance, rents an apartment, or applies for a job.¹ There are two key reasons an individual's credit report should be periodically reviewed:

- **Errors and mistakes** – Incorrect information can result in being charged a higher rate of interest for a loan, not getting a job, or being denied insurance.
- **Identity theft** – Regularly reviewing a credit report can identify situations where someone else is using an individual's personal information to apply for new credit or to make unauthorized purchases on existing accounts.

Information Found in a Credit Report

Credit-reporting agencies, commonly known as credit bureaus or consumer reporting agencies, collect information on individuals from a variety of sources. Much of the data comes from a credit bureau's business subscribers, such as banks and other lenders. Other information is obtained from public records. A credit bureau's subscribers evaluate the information in a credit report to make their own determination as to whether an individual is a good or a poor lending risk.

A typical credit report usually has the following information:

- **Personal data:** Identifying information such as name, Social Security number, birth date, current address and marital status.
- **Credit history:** Including a list of current and past creditors, credit terms and limits, and how well (or poorly) past debts have been repaid.
- **Inquiries:** A list of requests for credit reports on the individual concerned.
- **Public records:** Information such as bankruptcies or lawsuits.
- **Personal statement:** A limited statement where a consumer can explain his or her position in any dispute with a lender.

¹ Federal law prohibits an employer or prospective employer from checking credit records without written permission from the individual involved.

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Free Annual Credit Report

Under federal law, a consumer is entitled to one free credit report every 12 months, from each of the three major credit bureaus: Equifax, Experian, and TransUnion. Under Consumer Financial Protection Bureau (CFPB) rules, these credit bureaus must provide a central access point,¹ where a consumer may request a copy of his or her credit report, including:

- **A website:** <https://www.annualcreditreport.com/index.action>
- **A toll-free telephone number:** (877) 322-8228. TDD- (800) 821-7232.²
- **A postal mailing address:** Annual credit Report Request Service, P.O. Box 105281, Atlanta, GA 30348-5281.

Incorrect Negative Information - Correcting Errors

If a review of a credit report reveals incorrect or incomplete information, a consumer should contact the credit bureau in writing, comprehensively detailing the information deemed incorrect. Under the provisions of the Fair Credit-reporting Act, the credit bureau is required to investigate disputed items, usually within 30 days after receiving a written request.

As a part of the investigation, the credit bureau will contact the lender or other information provider. The law also requires the information provider to investigate the claim and report the results to the credit bureau. When the investigation is complete, the credit bureau must give consumers written reports of the results.

If the disputed data is found to be incorrect, resulting in a change in the credit report, the credit bureau will provide a free copy of the corrected report to the consumer. The information provider is also required to correct its own records and provide the corrected information to all national credit bureaus.

¹ Specialized bureaus (agencies that specialize in areas such as insurance claims, medical records, and tenant or employment histories) are required to maintain only a toll-free telephone number. A consumer may request one free report from these bureaus every 12 months.

² Credit reports are available in Braille, large print, or audio formats.

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The investigation of a disputed item may not result in a change in the credit report. A consumer can ask the credit bureau to include in his or her file a statement concerning the disputed information.

Correct Negative Information

If negative information in your credit report is correct, generally only the passage of time will remove it from the report. Many items, such as charged-off or collected accounts, delinquencies, and child support judgments, remain in the report for seven years. Other types of information can be retained in the report for longer periods, including:

- **Criminal convictions:** These may be reported without any time limit.
- **Bankruptcy:** Under Chapters 7, 11, or 12, bankruptcies can be reported for up to 10 years. Under Chapter 13, they remain in the record for seven years.
- **Job application:** Information reported in conjunction with an application for a position with an annual salary of \$75,000 or more may be reported with no time limit.
- **Life insurance:** Information reported in conjunction with an application for credit or life insurance in excess of \$150,000 may be reported with no time limit.
- **Lawsuit or unpaid judgment:** These can remain on the report for seven years, or until the statute of limitations expires.
- **Tax liens:** Unpaid liens for federal, state and local taxes can remain in the record indefinitely, while paid liens remain seven years.

Coronavirus Aid, Relief, and Economic Security (CARES) Act Considerations

The CARES Act places temporary limits on the credit reporting that creditors can make. These limits apply to debtors who (1) have been negatively affected by the Coronavirus disease pandemic, and (2) who reach an “accommodation” with the creditor. An accommodation can be a partial payment, skipping a payment, a loan modification, or other mutually agreed upon relief.

For further information see:

- **Consumer Finance Protection Bureau:**
<https://www.consumerfinance.gov/consumer-tools/credit-reports-and-scores/>

Disclosure Notice

The information that follows is intended to serve as a basis for further discussion with your financial, legal, tax and/or accounting advisors. It is not a substitute for competent advice from these advisors. The actual application of some of these concepts may be the practice of law and is the proper responsibility of your attorney. The application of other concepts may require the guidance of a tax or accounting advisor. The company or companies listed below are not authorized to practice law or to provide legal, tax, or accounting advice.

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