

Free Report

Myths the Credit Bureaus Want You to Believe

-By Jamie Harrington

Myth No. 1 – It is easy to dispute a credit report. Consumer's can resolve their own issues.

To be honest, it IS simple to challenge a credit report. However, as an everyday person, it's amazingly difficult and frustrating to get results from the credit bureaus. Here's why.

This is a little-known fact. More complaints to the Federal Trade Commission involve credit bureaus than any other type of company. The major credit bureaus have paid fines of \$2.5 million over the years due to failure to respond properly to charges.

The main objective of credit bureaus is to protect their profits. They are NOT government agencies. They are for profit organizations. Anytime they have to investigate a consumer disputes it eats into those profits. Investigations take up time and energy too. The credit bureaus do everything in their power to make restoring your credit exceedingly difficult, short of sparking more massive lawsuits.

Attempting to restore your own credit means you must be willing to spend time learning about the process. This is why it is so difficult when you are inexperienced. In most cases you may be less effective than if you hired a professional. Realize that credit restoration will most likely take longer than you expected.

Myth No. 2 –A negative item that is successfully removed from your credit report will simply reappear again.

The reality is that a creditor has 30 days to verify a dispute. If the credit bureau has not heard from the creditor within that timeframe, they must delete the item from your report. Sometimes the bureaus will perform a soft delete. This is where they delete the item from your report but, will reinsert the item if they hear from the creditor within a week or two of the 30 days.

If this happens, the item can be disputed again. However, most of the time, once an item is deleted, it is gone for good. By using our preferred attorney's, you can be sure your item will be disputed over and over again until it is removed. We have experienced a 96% success rate with this.

Myth No. 3 – Bankruptcies, foreclosures and tax liens can never be taken off your credit report.

Approached correctly, any negative listing can be removed. That is why it is best to work with a professional. They have the experience and know how to remove these items.

Myth No. 4 – The credit agency permits a 100-word paragraph to be entered on an account to explain the situation. Creditor's take this statement into consideration when they're weighing they're options about extending credit.

This seems reasonable, but it's not correct. When we talk about creditors, we're talking about people who are loaning money – for credit cards, mortgages, cars, department store credit cards. Very few of these people will consider any information you submit in a paragraph explanation. The only items verified on the statement are the negative items on your report.

The first thing we want to delete from your credit file would be the 100-word explanation. In essence, the explanation is seen as an admission of guilt. It's actually the last thing you want to do. It verifies that something happened. You don't want to do that.

Myth No. 5 – Paying off a past-due account (like a collection account or a charge off) will change your account to a "paid" status and it will no longer reflect negatively.

It is nearly impossible to completely fix your credit unless you settle your unpaid debts. However, as strange as it may sound, paying off a debt can have a negative impact on your credit rating. Aside from bankruptcy, which can appear on your credit report for up to ten years, negative items may be kept on your report for up to seven years. The **date of last activity** starts the 7 or 10-year time period. Making a payment "resets" the clock because it is considered new activity. So if this item was two years old, when you make a payment on the collection, the two years are wiped away and you start at day one again. It appears to the credit scoring computer as an item that happened yesterday.

Anything that happened yesterday affects your credit score more than something from two years ago does. This will damage your report, as it looks like the credit bureau forced you to pay up. Since you can do more harm than good, even though your intentions are right, it is always best to work with a professional when trying to restore your credit.

Myth No. 6 – Some people believe that a poor credit report can be off-set by building new credit.

Even one negative item on your credit report can have serious negative consequences. In today's computer world, the decision to approve a new loan is rarely made by a

human being. Your score is determined by a computer program. One negative item can send interest rates soaring.

You can have a small amount of negative credit a year or two ago. The last year or two has been great. A couple of those older accounts, regardless of how much good credit you now have, will cause you to be declined, pay higher interest rates and waste thousands of dollars.

Myth No. 7 – Credit bureaus are part of the government and are unquestionable.

The credit bureaus are in business to make an impression on their stockholders since they are publicly traded companies. They are NOT agencies of the government. In fact, the industry is one of the most heavily regulated. It has recently been revealed in a survey, by an independent group, that over 70% of all credit reports have an error on them. Due to the prevalence of mistakes, consumer protection legislation has been drawn up which allows the consumer the right to challenge the bureaus and force them to remove any incorrect data, information that is out-of-date or data that cannot be verified.

Myth No. 8 – It is against the law for creditors to remove a negative-listing on my credit record. Negative-listings are required by law to remain on the credit report for at least seven years.

When talking to collection agencies, credit grantors or the credit bureaus, keep in mind that you can expect to be given all kinds of quasi-legal drivel by people who are over worked and under trained. The law states that negative information must be removed after seven years. It sets a maximum, but not a minimum. The credit bureau can remove an item whenever it suits them.

Myth No. 9 – Many people share a belief that by getting a federal tax ID or altering a few numbers of their social security number, a new credit file will be created.

It's extremely difficult to create a new credit file by this scheming, not to mention illegal, activity. A lot of people do it, but a lot of people also get into big trouble for doing it. This is not something that you want to do.

It might have worked 10, 15 or 20 years ago. But because of all the computer linking systems now, giving fraudulent information on a credit report is nearly impossible to get away with, let alone the fact that it's a criminal offense.

It's in your best interest to hire adequate representation. Face the music and confront the credit bureaus, armed with the rights that Congress has granted you through the consumer protection laws.

Myth No. 10 – Credit counseling services can help you restore your credit.

Credit counseling services are agencies that are set up to help you renegotiate your credit cards and other debt. They put you on a budget and you make one payment to them. They in turn pay all the bills for you.

People who are in debt or who are trying to avoid going bankrupt can seek help from these nonprofit consumer credit counseling services. (CCCS's) However, these companies are controlled and funded by the credit bureaus and the credit grantors, like the big credit card companies. They actually fund these agencies.

Your creditors will usually make a note on your credit report if you're working with one of these consumer credit counseling services. Potential credit grantors are scared off by this almost as much as a Chapter 13 bankruptcy. Some of the worst credit reports out there have been participants in a credit counseling service or similar program.

Jamie Harrington, president of United Carolina Group, Inc. specializes in helping release her clients from the "credit prison" that too many people find themselves in. When you or one of your friends finds yourself needing real answers and real solutions to credit issues, you can confidentially contact her at 828-632-0650 or at jamie@unitedcarolinagroup.com.