

Ordering and Understanding Your Credit Report

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Your credit can be a tricky thing to navigate if you don't know where you stand. Checking your credit report and knowing what it contains can help you to not only maintain good credit, but fix it if it's suffering.

There are many things you can do to recover from poor credit, but you have to start with your credit reports so that you know your starting point and what needs to be remedied.

Ordering Your Credit Report

The first thing that you need to do is to get a copy of your credit report. This can either be easy or difficult depending on a few conditions that may affect you. You'll find that there are many sites online that will tell you that they can help you order a copy of your credit report.

You'll want to be wary of these because some of them aren't legitimate. You don't want to give your personal information to someone who could use it to obtain credit in your name.

Not only that, but many of these sites will want you to pay to get a copy of your credit report and they'll want you to pay for it for each agency that you want a copy from.

You don't want to do this because by federal law, you have the right to get a free copy of your credit report - not just from one of the three credit reporting agencies, but from all of them.

You can only do this once during a twelve-month time span. When you're ready to order, you can go online to annualcreditreport.com to place your order. You will need to fill out some information about yourself and

you will be required to give information such as your social security number.

During the course of the ordering, you will be asked questions that pertain to your financial history. For example, one of these questions may ask what finance company the name of your car loan is in.

The answers will be given as multiple-choice selections. You'll want to pay close attention here because sometimes, none of the answers given to you will match your actual loan history.

In that event, you would choose the none of the above option and move on to the next question. You may also be asked about addresses where you've lived, mortgage loan company names and even loan amounts.

This is all done as a safety precaution to prove that you are who you say you are. If you accidentally fill out the wrong answer, the report won't be sent to you until you physically verify who you are.

To do that, you'll usually have to mail a copy of your driver's license and possibly other documentation to the address you'll be given. Once you do that, a copy of your credit report will be mailed to you.

If you do manage to get through the questions correctly online, you have the option of having a copy sent to your email inbox. If you don't want to fill out information online, you can call the annualcreditreport.com phone number for more information on how to proceed.

Whichever way that you choose to order your credit report, you'll be given the option to order it with or without a credit score. There are pros and cons for going either direction.

If you order your credit report with your score, you can determine where your credit worthiness stands before you attempt to make a financial decision such as taking out a loan.

It can help you figure out which type of interest rate you're more likely to end up with. This is known as a soft inquiry, so it doesn't affect your credit score since you're not applying for credit.

But on the other hand, ordering one without your score can be beneficial because your credit score can fluctuate depending on certain factors such as a hard inquiry. So by the time you get your score, the numbers could have already changed a few points.

The Credit Reporting Agencies

There are three agencies that you can pull your credit report from. All three of these agencies are required by law to give you a report free once every twelve months.

If you fail to correctly answer the questions asked online when you apply for a copy, they're required to give you an address where you can submit information to still be able to get a copy.

The names of these credit reporting agencies are TransUnion, Equifax and Experian. These companies gather your personal data such as what addresses you've lived at, names you may have gone by and your financial history such as your debts.

These companies make money by selling access to your personal information to various companies that are looking to give you credit. This is why you often get "pre-approved" offers of credit in the mail.

You can opt out of the practice of prescreened offers if you choose to by filling out a request to have your name taken off the list. This does not affect your credit score in any way.

But the opt out doesn't last forever. Once you start getting pre-screened loan offers, you'll need to opt out again. One mistake that most people make when ordering their credit reports is believing that these credit agencies are a cohesive financial group that works hand in hand.

They don't work together. In fact, each credit reporting bureau is a separate business. This is why when you get your credit report from all three at the same time, you'll notice that there are plenty of differences in the information you're given.

You might see that you have financial information on one report that doesn't exist on another one of the reports. You might see that your name appears differently or that the credit reports state that you're using an alias.

This happens if your name gets misspelled somewhere and is then listed on your report. Sometimes this fluctuating information will be pretty simple - such as one report listing your middle initial or name while another one doesn't.

If you ever received mail at an address that you physically didn't live at, sometimes the credit reports will have you listed as having lived at that address. If you're wondering how the credit reporting agencies get your information, when you apply for credit, many times your information is sent to the bureaus.

If you applied for a bank loan or a car loan, that information is usually given to all three of the credit reporting agencies. These irregularities in your credit reports that vary from agency to agency can have an impact on your credit score, depending on what they are.

If you have a debt that you paid off but a collection agency mistakenly lists it, then it might show up on one credit report but not on another. When that happens, your credit score with that particular bureau will take a hit and will drop lower than what you see on the other reports.

So, pay attention to the differences that you see on each credit report so that you can fix the inaccuracies. It's always advisable to get all three of your credit reports along with the scores if you want those at the same time.

This way, you get an accurate overall picture of what's going on in your financial life. These credit reporting agencies aren't error proof. So you can have things on there that don't even belong to you.

You might also have things on there from creditors that violate the Fair Debt Credit Act, so you'll want to look at all three reports together. If you don't check your credit reports regularly, you won't know what's going on with your credit.

In addition to that, it can make you an easier target for identity theft and other types of fraudulent activity because you're in the dark about who's doing what with your information.

How the Reports are Different

Because each of these agencies work independently of one another, the way that they format your information is going to vary. When you order your report from Equifax, you'll see that they differentiate between the status of your credit accounts.

If you have an account that's an open account that's still active, this bureau will list those accounts under the heading of Open Accounts. If the account was paid off, then they'll list that as a Closed Account.

Whether or not the account was closed in good standing or bad, it would still be listed under this heading. This company goes back pretty far, approximately six years, into your financial history to show how long you've had the credit.

What this does is it allows potential lenders to see at a glance how well your good payment history has been maintained. But it also shows any possible financial mistakes that may have happened.

Experian differs from Equifax because it will list more than just how long you've had the financial account. The length of time that you've had an account on file can impact your credit worthiness, so the company will show when an account is supposed to be removed as being part of your credit history.

This information is both good and bad - depending on how you've handled your finances. If you have accounts in good standing, these are noted according to how long you've had them in good standing.

Plus, you get a drop off date that states when that account is schedule to be taken off by the credit reporting bureau. If you took out a bank loan and you've paid it off as agreed, it will stay on your record for about a decade before it disappears.

The bureau will have a notation letting you know the date that information is leaving the file. Any negative information, just like your positive credit information, will also have a removal date.

This information can remain as part of your file for seven years. The company will have a notation of when that negative information is supposed to drop off the account.

It's important to examine the dates on negative information because some collection agencies will alter the date of last activity so that it can stay on your credit report longer.

The date of last activity is based on the last time you actually made a payment, not the date that the collection agency listed it. So if you paid off a credit card two years ago but the agency lists it like you just stopped paying in the present year, that's "date of last activity" fraud on their part, so watch for things like that.

Experian will also show how much your credit limits were through your financial history. This can be a good thing because it shows lenders what you're capable of handling.

TransUnion puts their information into your file by using colors. Inside these colored spaces, you'll see information that reflects how well you've satisfactorily paid your financial obligations.

If you're late on a payment, the bureau will notate that by the number of days that you are in arrears. They list this information in 30 day increments. So if you're 45 days late, you won't see it listed that way.

This company also has a harder focus on personal information about each person it keeps a file on. On each of the credit reports that you receive, you'll see an area listed for inquiries.

This is when companies have checked your payment history and score for the possibility of giving you credit. There are specific areas that you need to look at in each of your credit reports.

The first is in the area where your personal information is listed. Pay attention to how your name is spelled on the report. Multiple names and misspelling have the potential to raise red flags with lenders.

You'll also see where you currently live now and the month and year in which you were born. Next, you'll notice a listing that shows where you work. Sometimes reports will list more than one.

You'll also see your social security number displayed. After that, look at all your accounts, both good and bad as a whole. Make sure any loan information has the correct amount.

Check to make sure that any loans that you've paid off are listed as having been paid off. Keep in mind that sometimes lenders do have a little bit of a lag time in reporting an account that's been paid off.

You have the right by law to place a statement on any of your credit reports if you so desire. By getting copies of your credit reports and understanding what's on them, you can make sure that you protect your credit worthiness.



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