Everything You Need To Know About Credit Repair

Bad credit can overshadow any financial transaction you are about to make. Most companies will go through your credit reputation before they plan to get into business with you. For this reason, individuals with a diminished credit history normally want to turn things around by hiring a credit repair company.

Credit repair companies are a viable option for getting you a favorable credit score. You may be told that you can improve your credit on your own, but this is not a wise move when dealing with bad credit. However, before you make a decision, be aware of:

## It Is About Your Credit Report

Credit repair means that you have to work on improving the information in your credit report. A credit report has accurate information on how good your credit score is – which is what makes you eligible for taking loans and applying for a line of credit.

A good score means you are reliable while a bad score won’t get anywhere, especially when it comes to applying for a credit card or taking out a mortgage. Evaluating the information in your report is the first step you need to take prior to deciding whether you are going to turnover your credit score or not.

You can get a copy of your credit report from credit bureaus such as TransUnion, Equifax and Experian. This can be done by looking for information on [www.annualcreditreport.com](http://www.annualcreditreport.com)

## Your Credit Score Is the Threshold

The information in your credit report makes up your credit score which then acts as a threshold to establish the condition of your credit.

A low credit score is an indication that your credit history is not the best.

This information is based on 5 factors, which are:

* Recent applications
* Type of credit accounts
* The age of your credit history
* Payment history
* Debt history

Purchasing your credit score every time you need to check up on the info can get costly. This is why you can use companies such as Credit Karma or Credit Sesame to give you a free overview of your report. When signing up for a service that allows you to monitor your credit report, search for an option that does not require credit card based payments. This can lead to monthly charges even when you are signing up for free trails. However, you have to understand that this won’t be your actual credit score that they will be monitoring, but a precise estimate.

## The Accurate Information Is Not Easy To Remove

Removing “accurate” negative or positive information is more of a hassle than you would think.

You are allowed to remove any inaccurate information that may be a part of your credit report and credit bureaus will help you do it. However, an accurate report added by a credit bureau is impossible to edit or remove. And even if you try to do that – the credit will be obligated to report it as an offense.

The best way to steer clear of any discrepancies is to use your debt validation accounts to view all your valid payables. Plus, you will also be able to remove any information not consistent with your credit report.

## Do Nothing If You Can

It is not necessary that a bad credit will follow you forever.

The negative information will be a part of your credit report for up to 7 years. However, bankruptcy and tax liens that fall under Chapter 7 may remain in your report for 10 years.

Removing the negative information from the account just as it is about to drop off may necessarily not be the best strategy.

# What Are Credit Scores And How Do They Work?

A credit score is essentially a financial tool used by lenders or creditors to assess the risk of crediting assets or money.

Financial institutions use it as a decision-making tool to mitigate the risk of incurring bad debts as much as possible. This method is valid for all kinds of lending procedures including loans, credit card issuance and other debts.

A good credit score is a kind of insurance that you are willing to pay your debts and have the financial standing for it.

Depending on where you are living, most credit companies will use a specific score to rate whether you are eligible for a granting credit. Scores in most countries needs to be around 300 onwards to 850. The higher your credit score the easier it is to get a loan or a credit card. Some lender rates refer to how your credit is rated, for example between the levels of Poor credit, Average credit or Good credit.

A credit score below 630 is considered poor, from 630 to 690 it is considered average and good credit lies between 690 to 720. Anything above 720 can be considered excellent or most favorable credit.

# Impact Of Credit Scores On Financial Products

Your credit score can impact any credit-related financial products to a large extent.

In fact for loans, mortgages, credit cards and any other transaction in which lending is involved, your credit score will be considered a threshold that determines whether you get the funds or not.

If your credit score lies below 630 you will not be cleared for any funds, you may have to go the credit repair route for this.

# What Matters To Your Credit Score?

Your credit score is not just determined by how much you have paid back or failed to pay, there are other components that also affect this rating. Your credit score will consist of the following components

1. History of payments
2. Burden of debt
3. How long your history is
4. Credit type
5. Latest credit searches

## History of Payments

Your history of repaying loans or debts makes up most of your credit score. This is a track record of your previous transactions and whether you have paid them back in the designated period. Paying on-time will be considered as a positive element – and will help increase your overall credit history. However, if you have delayed any payments even a little, it will become a part of your bad reputation as a borrower.

Delayed paybacks along with defaulted payments are aspects that translate into negative payment history.

A negative credit history means that the risk is greater for the lenders (such as banks) and they will consider their options more thoroughly before they give you a green light for a loan or mortgage. You may even disqualify for most credits.

## Burden of Debt

Your debt burden at the time of application for a loan is calculated. This is done in relation to all the other factors that influence a credit score. This means that it does not matter whether you just need to pay a little or a lot – every factor will be taken into consideration.

## History of Credit

Your credit history comprises of all the accounts that have been in credit-based transactions under your name. This is considered one of the most effective ways to determine whether the potential borrower is willing and financially stable enough to pay. The longer the history of your transaction the more historical data creditors have to base their decisions on.

## Type of Credit

The types of credits you have been exposed to are considered by the lenders. This is done to check whether the borrower has been exposed to different procedures and rates of interest. If you have been able to pay all those credits on time this may work in your favor whilst getting a new loan.

## Credit Searches

This refers to the number of times credit bureaus or lending institutions have done a complete search into your finances and borrowing activities. This can also affect your credit score and the decision that lending bodies will take.

# You Can Have Different Credit Scores

Depending on the number of credit bureaus in your country, your credit score can vary. Simply put, you can have as many credit scores as there are credit bureaus.

# How Is Credit Score Calculated?

Now that we have established what matters in a credit score, we will see what weightage each factor is given by credit bureaus to determine your credit score. Bear in mind that your credit score can vary when calculated by different bureaus even if the same model for calculation is used.

## History Of Payments:

Your payment history makes up for 35 % of your credit score

## Debt Burden

Your debt burden will make up 30% of your credit score

## Credit Inquiries

This will make up 10% of the score

## History of Payments

This makes up for 35% of the credit score

## Types of Credit

This influences the credit score up to 10%.

# How Can Credit Score Be Repaired?

Despite your financial expertise, credit repair is best left to the experts. However, what you can do is acquire services online from platforms such as [www.bestcreditrepairchicago.com](http://www.bestcreditrepairchicago.com).

Credit repair companies make dealing with bad credit relatively easier. The percentage of people dealing with this problem is quite high and the introduction of online forums to deal with this epidemic can be considered in favor of the borrower.

Research, however, is highly recommended. These companies will charge you a sum for their services and you do not want it to go to waste.

Bestcreditrepairchicago.com entails all the details you require to help you repair the credit score.

# How Does It Work?

[Bestcreditrepairchicago.com](http://www.bestcreditrepairchicago.com) is one of those credit repair companies that are upfront about all the elements that will help make your credit situation brighter instead of bleaker. They can help remove negative components from your credit report and improve your score while doing so.

This is what you can expect:

1. They will acquire your credit report from all major credit bureaus
2. The negative items in your report will be identified
3. A credit dispute will be filed on behalf of the negative and inaccurate items that are recorded in your report
4. All the communication needed to be carried out with credit bureaus and creditors will be handled by them

# Is Hiring A Credit Repair Company Worth It?

The costs for your credit repair depend on various facets of your credit report. For most companies, the price range lies between $59 to upwards of $149. Credit repair companies do not bind you into contracts and you can easily revoke the agreements when you like.

Considering the interest rate you might have to pay due to bad credit scores and in trying to repair the credit score on your own, credit repair companies are a better option. In some cases, you cannot wait for the bad credit to run its course and be removed from your reports; this is when a higher credit score can land you in the good books of various lenders.

Some companies even work on creating a separate account for debt return and get a favorable picture for your credit report. This allows you to return any debts that you have defaulted and clear your history of bad credit.

These services also need a shorter timeline to fix your problems than you would on your own. Let’s just say, they save you a lot of hassle.

# This Is What You Need To Ask Your Credit Repair Company

Make sure you are aware of the following things before you settle with a credit repair firm

## Is The Company Insured/Bonded?

The company you are considering should be fully licensed, insured and bonded. Any firm that is offering you the real deal such as [bestcreditrepairchicago.com](http://www.bestcreditrepairchicago.com) will confirm their credentials without any issues.

## What Do You Need To Have?

The following are the documents you will require:

* ID or passport (issued by the government)
* Your current residential address
* Your employer's information
* Your account numbers and any credit cards you have
* A record of your liabilities including debts and assets
* EIN or SSN
* Any documents related to bankruptcy (if you have ever filed for one)
* Divorce papers ( if any)

# Other Measures

You also need to inquire about a few other things such as:

1. How can you communicate with the repair company?
2. How long does their procedure take?
3. Will they give you any receipts?
4. What happens if the desired result is not obtained?

Ask away, do not hesitate to inquire about anything that can affect this transaction.