

Why Credit Scores Matter When Looking For A House & Job

Landlords & Employers Are Checking Your Credit

Landlords, potential employers, and insurance companies all use credit reports and credit scores to inform their decision-making. This is because a person's credit report and credit score can provide insight into their reliability and responsibility with money.

- Landlords may review a prospective tenant's credit report to get an idea of their financial situation; this way, landlords can identify any red flags that might alert them to the risk of not receiving rent payments on time or in full.
- Potential employers may look at a candidate's credit report to assess their trustworthiness and sense of financial responsibility. Insurance companies will also review a customer's credit report when determining their premiums for certain types of insurance policies such as auto and homeowners' insurance.

Businesses typically use the FICO Score, which is a three-digit number based on information from a person's credit report that serves as an indicator of how likely they are to pay back debts on time. The scores can range from 300 (the lowest) to 850 (the highest). Generally speaking, the higher the score, the more trustworthy and financially responsible an individual appears to be; conversely, lower scores may signal greater riskiness or unreliability in that individual. .

In addition to the FICO Score, businesses may also look at other components within an individual's credit report such as payment history, debt utilization ratio, length of credit history, and type of debt held when making decisions regarding renting an apartment or home, extending employment offers, or providing specific types of insurance coverage. All these elements provide businesses with insight into how reliable someone is with money matters.

More Benefits Of A Good Credit Score

Having a good credit score has many benefits, some of which are immediate and some that take time to manifest. A good credit score can help you qualify for higher loans at better interest rates. It can also help you get approved for credit cards with lower fees and better rewards programs. Additionally, it could make it easier to rent an apartment or buy a house—landlords and mortgage companies often look at your credit score when deciding whether to approve you for a lease or loan.

On top of these immediate benefits, having a good credit score may even open up new career paths. Many employers now run credit checks on job applicants as part of the hiring process—if your credit score isn't up-to-par, you may not be considered for the position. In some cases, having a good credit score can even lead to lower insurance premiums since some insurers use your financial health as a factor in determining rates.

A good credit score will also save you money over time. Higher loan approval rates mean that borrowing money won't cost as much in interest; shopping around for loans could easily save hundreds or even thousands over the life of the loan. Likewise, a strong history of responsible

spending and repayment can reduce the amount of interest paid on existing debt, leading to more money saved down the road.

Finally, having a healthy credit score is important because it helps ensure other aspects of your financial life remain secure and manageable. A bad score could mean missing payments on bills or being unable to pay off debts in full each month; this could have serious long-term repercussions that are difficult—or even impossible—to undo. Maintaining a high credit score is key to preserving your overall financial wellbeing into the future.

The Difference Between Soft & Hard Credit Inquiries

When it comes to a person's credit score, there is a significant difference between soft credit inquiries and hard credit inquiries. A soft inquiry occurs when potential creditors, such as employers or landlords, check a consumer's credit report to make an informed decision. Soft inquiries have no effect on a person's credit score and are not visible to other entities who may view the consumer's credit report. On the other hand, hard inquiries are generated when a consumer applies for new lines of credit such as mortgages, auto loans or credit cards. These inquiries are visible to all parties who review the consumer's credit report and can cause a slight negative impact on their score.

However, multiple hard inquiries in close succession—for example several applications for new lines of credit over the course of 30 days—will cause greater damage to one's score than single hard inquiries over longer periods of time. Therefore, making decisions about how and when to apply for new lines of credit can play an important role in managing one's overall financial health. In addition, while both types of inquiries have some impact on a consumer's score, the impacts differ greatly. Hard inquiries tend to drop one's score by five points or more while soft inquiries generally have little to no impact at all.

It is important to note that consumers should be alert for unauthorized hard inquiries on their reports since these could indicate fraud or identity theft. Consumers should contact their financial institution if they notice any suspicious activity on their account since this type of inquiry will lower one's score regardless of whether the consumer initiated it or not.

The Bottom Line On Credit Inquiries

Understanding the difference between soft and hard inquiries can help consumers make better decisions about how they manage their finances and protect themselves from identity theft or fraudulent behavior. It is also important for consumers to be courteous when applying for new lines of credit since multiple hard inquiries will negatively affect their scores more so than single ones spaced out over time.

By knowing how each type of inquiry affects one's financial standing, consumers can make smarter decisions about what kinds of financial products they would like to use and ensure that their scores stay healthy in order to maintain good financial habits.