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While these factors are helpful, they leave a lot of information out. For example, how does a late payment affect your score? Is it better to have a zero balance on your credit cards? And how exactly will credit inquiries lower your FICO score?

Well, I found some answers to these questions over at the myFICO forums. Apparently, Fair Isaac released the following chart about the FICO formula:

Sample FICO® Scoring Model
Example: Partial Model

FICO

Category	Characteristic	Attributes	Points
Payment History	Number of months since the most recent derogatory public record	No public record 0 – 5 6 – 11 12 – 23 24+	75 10 15 25 55
Outstanding Debt	Average balance on revolving trades	No revolving trades 0 1 – 99 100 – 499 500 – 749 750 – 999 1000 or more	30 55 65 50 40 25 15
Credit History Length	Number of months in file	Below 12 12 – 23 24 – 47 48 or more	12 35 60 75
Pursuit of New Credit	Number of inquiries in last 6 mos.	0 1 2 3 4+	70 60 45 25 20
Credit Mix	Number of bankcard trade lines	0 1 2 3 4+	15 25 50 60 50

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Finally, this gives some insight into how credit inquiries affect your score. With four or more credit inquiries, your score can drop 50 points.

Keep in mind that the actual impact on your score depends on many factors not reflected in this chart. And if you want to check your score, there are several free ways to get your credit score.

Author Bio

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Total Articles: 1120
Rob founded the Dough Roller in 2007. A litigation attorney in the securities industry, he lives in Northern Virginia with his wife, their two teenagers, and the family mascot, a shih tzu named Sophie.

Read more from this author

Article comments

Craig Watts | May 1, 2012 at 4:52 pm

I work at Fair Isaac. Sorry to pop your bubble, but that Powerpoint slide is NOT representative of the FICO scoring formula. It's part of a training curriculum we use with people outside our company. The slide illustrates a couple of principles we use in some formulas, but it doesn't represent actual numbers or characteristics of those formulas. You can find good advice for managing your credit score on the company's myFICO website.

Reply

Rob Berger | May 3, 2012 at 7:21 am

Craig, thanks for your input, and you didn't pop my bubble. But you may want to take the chart off the myFICO website, as that's where I found it.

Reply

wsmith | December 6, 2013 at 5:40 pm

this guys info is old and out dated, now a days nobody give free credit score info. You have to sign a monthly payment agreement.

Reply

Tom Heckman | April 18, 2015 at 10:47 am

So Craig why not give us some real insight instead of being an uppity "we own the world" type ? Sure would be useful buddy.

Reply

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The problem is that the industry hasn't found a better method. And I'm not sure anybody is looking for one, either.

Reply

Ken Dupuy | May 11, 2015 at 1:28 am

Although I can't formulate a meaningful opinion on the FICO equation until I see it (not holding my breath on this one), the biggest flaw remains with the data going into it, a.k.a. GIGO. The burden of proof isn't anywhere close to the standard for criminal proceedings. In my case, I can't get the free reports via internet unless I co-conspire with Discover's inaccuracy, technically perjuring myself. I sent a letter to notify the one agency of their error, & instead of fixing it, they spread it. I did get a CYA letter stating that it wasn't "bad" information, but of course it made no mention of accuracy. …and that's just me.

Reply

bob | May 2, 2012 at 11:00 pm

It's main use is to allow the banks to charge higher interest to people with good credit

Reply

Steve | May 6, 2012 at 11:16 pm

I honestly don't believe that there is a formula. In my vision the raw data goes in, gets crunched and data mined perhaps by a learning algorithm, and a score comes out the other side.

attorney, and attorney general. Lender said, "inconclusive". District attorney never replied and attorney general said hire yourself an attorney, our now Governor Davis. Ha, no attorney would take my cause. Thought I had no other recourse but to short sale so defaulted.
Big Mistake!! Now the New Hamp might have helped me. I have two more years of the 7 years left and I'm current. It was tough and depleted my emergency fund down to one month but I paid back the defaults.

Reply

Ricky | June 29, 2012 at 10:22 am

If it's true that carrying a balance ranging from $1 to $99 is better than a zero balance, then the FICO score is more ridiculous than I even thought. How in the world does not paying off credit card debt, or having it in the first place, prove that you are creditworthy?!

Reply

mitsos | May 12, 2018 at 5:37 pm

Utilising a bit of credit (ideally less than 25% of your total available credit) is a sign that you are handling your finances responsibly. Someone who uses their credit card and but can repay it and doesn't depend on it is seen as more likely to handle future debt than someone who's never had access to a credit line.

Reply

Ever Watch Fight Club | September 19, 2012 at 4:56 am

Josh | February 10, 2017 at 9:04 pm

This is absolutely true. There must be a mathematical formula or else its just someone choosing who gets to be successful.

Reply

Tyler | August 15, 2013 at 9:03 am

The issue with FICO scores isn't that they are created to see if someone will be late or default, that wouldn't be a huge secret. Problem is it is also designed to help creditors decide who will actually make them money. Hence the having a low debt balance having a positive effect and having multiple lines of credit having a positive score. It is about potential gain as well, not just liabilities.

Reply

Jamie | September 2, 2013 at 3:37 pm

Exactly what Tyler said. The way I understand it is that credit scores are designed to show who is managing debt properly. They are *not* about being the ultimate in financial responsibility, i.e. having *no* debt. Fico doesn't reward those who have no debt, as this chart shows. It rewards people who have multiple lines of debt (credit/loans), but pay the bills on time. I learned this valuable lesson when I simultaneously paid off three large student loans (total $8k), and my credit score immediately nose dived by 30+ points. I had read about that happening but thought it was a myth until it happened to me. Although I'm sure their calculations are far more complicated (arbitrary), than this chart, the chart is consistent with the research I have borrow more money. Pretty simple. Now, I'm not a creditor but I would want people who use the credit cards a lot, has money owed (for interest) and has "action". i.e. Money owed goes up and down meaning its being used. This means, interest gained and more money for the company.

Missing payments, while that does give late fees, is chump change compared to the possibility that "you" (taking in aggregate the population) might Default. So missing a payment will lower your score.

A recent thing I learned is that if you use your card a lot and constantly zero it out before the payment due, that is bad too. But not in a negative way. It's bad because now the credit companies have no data I think. The see 0$ in Sept and then 0$ in Oct, no change.

Banks have told me that its good to keep some credit on your cards and make sure to pay the miminum, it shows that it's "live". The question they couldn't answer is, how much is a "credit score point" worth? Meaning, if I have to pay $20 in interest per month because I leave a balance, is that $20 worth my credit going up 5 points? 10? 1? That part of the math is the secret part.

Anyway, it's a weird system, I just wanted to state why I think the balancing your credit to zero does not give you a good score. The credit card companies then have limited data on you.

Reply

Stuart | December 5, 2013 at 3:55 pm

Just another 'system' to confuse and lend a bit of fear to the average american – who's been programmed to get married, buy a house, have children, & SPEND !

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i think people misunderstand "carry a balance" with "carrying balance from month to month"

again, you can PAY IT OFF IN FULL EACH MONTH and still CARRY A BALANCE on your credit card each month. carrying a balance means you're using it.

Reply

Jeff | March 1, 2018 at 11:15 am

If I were a lender I would want people who carry balances from month to month. I definitely do not want people who pay off their balance every month. Those people are using "my" money for free and that is not what I am in business for. I want people who pay consistently keep balances, suffer with the interest, maximize their income to pay off their revolving balances. These people I can make money from and that is why I would value the higher score that actually reflects poor financial habits. It is sick, but that is the society we live in today. I work, pay all of the bills, have four properties in my name. My wife has no income but a fifth property has the mortgage in her name. She gets a 799 score while mine averages at 739. I pay all of our credit cards off completely each month, except for the one that Chase gave me 0% with zero fees for 18 months. That one I will ride out to the max as I love Chase so much. Go figure, the FICO system is in place to figure out who is the best financial risk (or gain) for the lender; it is not there for the borrower's benefit.

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Reply

Michael | December 2, 2014 at 1:17 am

The score is intended to guage whether people can manage debt. If somebody has a credit card but doesn't use it, they aren't really managing debt, only managing the potential to have debt which is worth something, but realistically not as much as buying stuff with the card and paying it off in full each month. All you have to do is wait for the bill to be issued before you pay it each month so it will show some activity and you still don't have to pay any interest. It doesn't make any sense to pay before you get billed and it is economically a poor choice to carry any balance on a credit card since the interest rates are very high compared to other types of debt.

Reply

Vincent | February 25, 2015 at 3:42 pm

It takes 6 months of history for the FICO algorithm to work.
Is that from account opening or just 6 months of meaning that january 15th to July 1st would be enough?

Reply

dave fan | April 9, 2015 at 5:33 pm

cash is king, debt is dumb.

Your score is a snapshot at the time it is computed, so don't worry about utilization unless you need the extra 5-10 points. In that case, pay your balance off only after credit card posts to agencies, but before your grace period ends. That means you get the best possible score and don't get charged with interest.

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John Kim | May 23, 2018 at 7:24 pm

again, people misunderstand utilization.

you can UTILIZE your credit card, or even OVER UTILIZE your credit card even with paying your balance in FULL each month at the due date.

UTILIZATION is how much of the card's balance you use on a given month, NOT how much balance you carry past the due date (i.e. not paying off in full).

I see a lot of people get confused with this so I just wanted to chime in.

Just sign up for Credit Karma for free and see the utilization rate. It's a snapshot of when they reported the balance – NOT if you're paying interest in any balance past the due date.

Reply

Bob | June 19, 2019 at 6:35 pm

Keep in mind that utilization is reported out to the bureaus once a month based on your CURRENT balance. by paying it off before the day it reports out you can keep the utilization reporting low.

Reply

Learning what to watch out for | July 15, 2016 at 2:05 pm

Used to, you couldn't even get your real fico number without someone in the business running your credit and telling you. I think a lot of people don't understand how these things work and for good reason: They don't want you too.

But, she actually did me a favor because I then ran that company through a google search and found it was one of the worst companies to deal with.

On credit cards, some are designed to keep you in that vicious cycle of almighty fees and lower fico scores. Buy a house or a car, it's due on the same day each month. Easy to remember. Get a card with a 24, 25 or even 28 day cycle, it always changes and makes it harder to keep track of. First thing you know, you have in your mind it's due on the 15th when it's actually three days earlier. Bam! You get hit with a late fee. Let that happen again and maybe your credit score gets dinged again.

The system is stacked against the basic consumer; that's how banks make their real money. When we have homes going up in price so quickly, making the down payment something more of a fantasy than reality, the fall back is renting which is one of the modern slavery bonds of this society.

When I came of age and was at working looking for another place to rent, I ran across section 8. What is that? An old lady told me. She said that's when rents got high. Sure, anytime the government hands out money, the price is going to go up. This is true of food stamps, I think, too. Rather than giving out commodities is what it was called when I was a kid and a neighbor was just giving away the stuff she didn't want (which is probably one reason it was discontinued) coupons are given for food. It's a win win situation for supermarkets.

Reply

Pmlucas | August 21, 2016 at 7:03 pm

Credit Karma scores are often 100 points higher than the score obtained by a lender. And all Credit Karma has to say is that "everyone uses different scoring methods". Well, how about Credit Karma find a way to use whatever the lenders use.

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We should have access to all of yhe credit scoring algorithms without having to pay the credit bureaus that already get paid by banks and lenders.

Reply

DJ | September 17, 2019 at 4:50 pm

I'm in agreement with ChrisThunig. Tell us the rules if you want us to play the game. I've had my score go up and down without me doing anything negative. I've also had it drop because I made a payment on my credit card to get the balance down. This system is so flawed it's ridiculous. In a time where everything is based on a credit score, even on things that you are not getting credit from. It's damn near impossible to increase your score when you're doing everything right, but something as little as a inquiry will drop it to another bracket.

Reply

Fredster | December 23, 2016 at 4:41 pm

Companies need some kind of reference on which to grant credit. I don't think it makes a lot of sense from a lending point of view, but it does from a credit standpoint. Doesn't make sense? If your credit score is 750 because you were late on a mortgage payment, and you win the lottery and net $100 million, your credit score is still 750. It might make you out to be less than reliable to pay your debts, but it doesn't say much about your ability to do so.

Reply

the banks pay for not the free crap you get online. The credit score system is B.S.

Reply

Mortgage Loan Admin Asst | October 17, 2019 at 7:32 pm

I just wanted to chime in about the credit cards… If you look at your bill and find the line that says 'Statement Date', you will want to take note of this!
This is the date that your credit card company will report the balance on your card.
For example:
-your limit is $500
-your 'Statement Date' this month is the 24th (it changes every month)
-and you charged $325 on it so far this month
if you want to see your credit score increase, you will need to:
-pay your balance down to below $45 (you need for it to be between 1%-9% of you max limit)
-pay your balance at least 2 days before the 'Statement Date'
-NEVER pay your balance to '0', ALWAYS leave a few dollars on it!
-do not use your card again until the day after the 'Statement Date'

You see, it really just matters what your balance is ON the 'Statement Date'….
You can even max it out throughout the next month… but as long as you pay it down to below 9% BEFORE the 'Statement Date' and don't use it again until after… your credit score will benefit.

Reply

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