

Your Credit Score: When It's Important and When It's Not

Where it gets more complicated is what to do when you have a poor credit score. Or you have overwhelming debt that hasn't yet affected your score. I've counseled numerous people with severe debt problems yet great FICO scores. Sometimes it seems the more severe the problem, the more uncompromising they are about their maintaining g their FICO score. They are miserable, barely hanging on, and yet proud of their FICO score.

Here's how many of the conversations go:

Me: "Have you considered negotiating with any of your creditors?"

Them: "I couldn't do that; it would ruin my credit score!"

Me: "Why do you care about your credit score?"

Them: "So I can get more credit."

Me: "Why do you need more credit?"

Them: "In case I can't keep up on my minimum payments."

Me: "But that's just making your problem bigger."

Them: *Blank stare*

It's not that having a good credit score isn't important. It is. But struggling with your debt to such extremes that you are taking out more debt to pay existing debt is continuing a cycle of insanity. If you have such extreme problems with debt that you can't make payments without taking on more debt, or without paying for your basic necessities, then it's time to rethink how much you care about your credit score. For you, overcoming your debt issues should be your first priority and maintaining a good credit score should be secondary.

