

GET A

700+ CREDIT SCORE IN JUST 60 DAYS



The Easy To Follow Credit Guide & Toolkit
By Wayne Holman

Get a 700+ Credit Score in Just 60 Days

Introduction

I'm very confident that I can help you make sense of your credit report and credit score and, of course very importantly, help you improve your credit so you can take control of your personal finances and get the peace of mind and security for your future as well.

Now, you're probably wondering who I am so here's just a little about me (*don't worry, I'm not going to write a long and boring autobiography*). My name is Wayne Holman and like a lot of people I've had my fair share of success and failure. A few years ago I had a great job (with a leading Mobile phone company) and a good income and during this time I had credit cards and loans for one thing and another. I used them, I paid them off and I moved on. I was never in any real debt.

Things were going good!

Until one day, out of the blue, I was made redundant from my job. Because of this I was no longer able to pay back my credit as easily as before and before long I found myself borrowing from one credit card to pay another.

Now things were not so good!

So, long story short (*and as you can probably guess*), after a relatively short time my credit rating took a massive hit and nosedived from a very good Credit Score to a very poor one in what seemed like a snap.

The credit card companies, banks, auto loan companies etc, were definitely not my friends anymore. And my credit was shut off at the worst possible time.

Apart from the obvious "how do I resolve this?" going around my head every day, it also got me thinking about my credit reports and my credit score. I mean, if it can happen to me, then it can happen to anyone. And what can you do if our credit is poor and you need to rebuild it? What are the scoring models used to

decide if you get credit? What does a credit score actually mean? How do credit reference agencies report on us to the Banks and Credit Card companies? And are they in really in control of our financial future and security?

The point is, we are all affected by our credit reports and credit scores whether they're good or poor. But how many of us really understand them? What information do our credit reports hold about us? How do they calculate whether we're good for credit or not? And, most importantly can we influence and change this process to our benefit?

I went on a mission to find out more and by gaining the knowledge, know-how and following the steps I'm going to be sharing with you in this guide I was able to repair and improve my credit (*the banks and credit card companies are talking to me again and I have great credit*).

It's important to know as well that having a low or poor Credit Score doesn't mean it's the end of the line. And why should it? Even with the best of intentions many of us can end up in this situation (*I know I did!*).

The main thing to realize is that your Credit Score can be improved and repaired it's just a case of knowing how and having the best guidance available to do it.

This is why I am now Chief Operating Officer of **GoCreditReport.co.uk** (a leading credit report information company), and wrote this guide. So now you can get all the information you need about credit reporting and scoring. PLUS tried and tested advice about how you can make a positive difference to your credit report and credit score, including how to improve your credit score, building your credit score from virtually zero and then getting the best rates on credit cards and loans as a result. **Good luck in repairing your credit and getting a 700+ credit score in just 60 days. All the best...**



Wayne Holman

Chief Operating Officer

GoCreditReport.co.uk

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Let's Get Started...

Chapter 1

Your Credit Report

First up, let's take a look at your Credit Report. Now, you may have heard this before, most financial advisors and experts recommend that you request each of your three credit reports from each of the Credit Reference Agencies (**Experian, Equifax, and Call Credit**) at least once a year.

However, what they often *don't* tell you is what you should do with them after you get them.

Getting your credit report is a relatively simple process and I'll tell you how in just a moment. But understanding the information on the report can be a little tricky. Credit reports aren't always accurate and they can be prone to errors and mistakes. Therefore, as the information on your reports are used to calculate your credit score, any errors can prevent you from getting favourable credit terms or even getting approval for any credit at all.

Getting your credit reports and learning how to read your credit reports will help you identify any inaccuracies.

So, let's take a look at where and how you can get your credit reports and what the items on your reports actually mean.

The Credit Reference Agencies

What is a Credit Reference Agency?

Your Credit Report is provided by a Credit Reference Agency. A credit reference agency (or CRA), is an independent organisation that records financial information about an individual or a business. This financial data is used to build a picture of an individuals' or business' credit history - a credit score - which is then accessed by lenders when a consumer applies for any credit.

In the UK the main ones are -



Any searches from a potential lender on a credit file will leave what is known as a 'footprint'. These 'footprints' are kept on file by the CRAs and are visible to both lenders and customers.

Getting Your Credit Report

All three credit agencies have a statutory obligation to provide you with your credit report for £2. You can access your report online or by asking for a written copy. Your statutory credit report shows a summary of your current credit history.

Call credit (who base their service on Equifax data) also offer free access to your credit report for life. So it may be worth just applying for this rather than paying for a statutory report.

It is worth getting a copy of your credit report from all 3 credit reference agencies if you've not applied for it before or if you've not checked it for quite a while, as different credit reference agencies may have credit information from different lenders (very often there is quite a lot of overlap between them though).

[Check your credit report with Equifax](#)

[Check your credit report with Experian](#)

[Check your credit report with Call credit](#)

Full Credit Report Services

You can get free 30-day trials of more comprehensive credit checking services from Experian and Equifax, which will include your full credit report. However, you normally have to give your credit or debit card details when you sign up to the free trial and money will be taken from your account unless you cancel in time.

But, you can view and study your report as many times as you want for no fee during this free trial period.

When should you check your credit report?

If you are applying for a loan, mortgage, credit card or any other borrowing then you should always check your credit report first. However, it's a good idea to check it from time to time any way to make sure there are no mistakes or that you haven't missed any payments without realising it. Making regular checks will also help prevent any fraudulent activity.

You can check your credit report as often as you like and it won't affect your credit rating or credit score.

It's normally only when you apply for credit and lenders search your credit report that there's a record left on your credit report. However, in some cases if you try and get a quote for something like a loan or credit card, there may be what's called a 'footprint' on your file.



How to Read Your Credit Reports

What's on your credit report and what should you pay attention to?

Below, I've made a summary of each of the basic sections that you'll find on your credit report as well as an explanation of any terms that may not seem very straightforward.

Each of the three reports from each of the credit reference agencies are arranged a little differently, so the sections may appear in a different order, but all of your reports will have this same basic information.

Let's take a look through them -

Report Summary

Depending on the credit reference agency, your report might have a summary, this is just a basic list of the number of potentially negative items and the number of **Accounts in Good Standing** (or positive items), on your report.

Personal Information

Your personal information will include your name, your current and previous addresses, types of residences (flat, house), your year of birth, current and previous employers, and current and previous telephone numbers.

If there are a few different spellings of your name, or one or more of your employers or telephone numbers are missing or wrong then it's not really that big a deal and you won't have to dispute this information.

The essential thing is that it contains your information and not someone else's.

Accounts in Good Standing

The **Accounts in Good Standing** section, sometimes described as **Satisfactory Accounts** or **Open and Closed Accounts**, lists all of your current accounts that have not gone to collections or been defaulted on. Ideally, each of your accounts will be in good standing.

Now, this is the main part of your credit report, and you'll likely see the following items for each of your credit accounts:

The Name and Address of the Creditor

The Account Number

The Status of the Account and the Status Details

Typically these the first items listed. The **Status of your Account** will say whether the account is open or closed, if it has been transferred and whether you've had any late payments.

If you have any closed or transferred accounts the **Status Details** will tell you when the account is scheduled to be removed from your credit report. You'll also notice that the date it's scheduled to be removed.

Next up is the **Date the Account was Opened**. This includes the date the account has been reported - the date of the current status - and the date the account was last reported on your credit report.

This is followed by the **Type of Account** (such as a credit card or car loan, etc.) - the terms of the loan - the monthly payment - and the responsible party for paying off the account. The responsibility part will indicate whether you're an **individual** or **joint owner** of the account, or an **authorized user** (such as if someone authorizes you to use their credit card).

The **Balance and Payment** information comes next. Remember, this will include the amounts last reported to the credit reference agency and may not accurately reflect your balance as of today.

For example, if you charge all of your expenses to a credit card and then pay it off each month, don't be surprised if you still see a balance because your card activity was reported in the middle of the reporting period.

This information includes your credit limit or the original amount of the installment loan - the highest balance on the account - the most recently reported balance - and the most recently reported payment. This is will also include any comments (such as any transfer information) - your payment history – and the balance history.

When examining the **Accounts in Good Standing** section always make sure that each and all of your current accounts are listed and your payment history shows all of your on-time payments, provided you've made all of your payments in a timely fashion. You'll also want to make sure your account limits are correct, as this can affect your **Credit Utilization Ratio**.

Wayne's Tip... Your **Credit Utilization Ratio** is the debt you have in relation to your credit limit. For example: If you have a credit limit of say, **£10,000** and the money you actually borrow is **£2,000** then your **Credit Utilization Ratio** would be **20%**

Potentially Negative Items

The negative information on your credit report will include any negative accounts, collections and public records.

Negative accounts are those accounts that have not been paid as agreed.

Collections include any accounts sold to a collection agency after the original creditor wasn't able to collect.

Public records include bankruptcies, or judgments and are reported by county and crown courts.

***Wayne's Tip...** The **Public records** section only includes financial public records and doesn't include any arrests or any other non-financial record.*

In this section, you'll want to make sure any negative information is accurate. If there are any incorrect accounts or collections, you'll want to dispute them immediately to have them removed from your report.

Inquiries

In the **Inquiries** or **Record of Requests** section you'll find 2 types.

Hard Inquiries – These are the ones in which you authorized a potential creditor to make (such as applying for a loan or credit card). Too many of these will affect your credit score for the period of one year and stay on your credit report for 2 years.

Soft Inquiries – These inquiries are only made by you, such as requesting your own credit score or credit report.

***Wayne's Tip...** Soft inquiries don't effect on your credit report or score.*

Both types of inquiries will include the name and address of the organization that made the inquiry as well as the date the request was made. In this section you'll want to make sure that all hard inquiries were authorized by you. You'll likely see inquiries for new credit and any requests for credit limit increases. You may also see inquiries made by organizations like your mobile phone or utility companies.



So there you are, you now know how to get your credit report, what information you can expect to see on your credit report, what the sections mean and what you need to check.

But, what about your **Credit Score?**

Well, let's take a look

Chapter 2

Your Credit Score

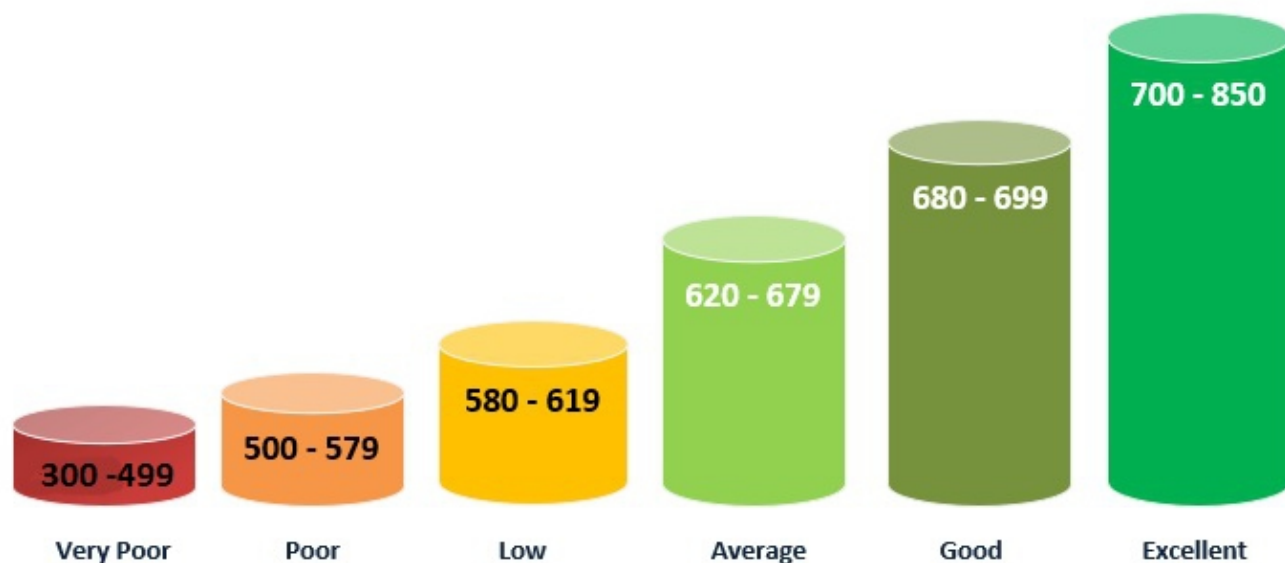
As you know already, having a good grasp of your credit reports is extremely useful. However, coupled with your **Credit Report** is your **Credit Score**.

A good credit score can help you obtain a loan at a favourable rate and get approved for affordable insurance, among other things. But that information doesn't help you if you don't know how to build a solid credit score.

What is a credit score and why do you need one?

Put simply, your credit score is a 3-digit number that indicates your creditworthiness to any potential lender.

Your Credit Score will usually range from **300** to **850** and it basically breaks down like this.



The lower your score the harder it is to obtain any credit. Whereas the higher your score, the better it is as you are more likely to be approved for credit and get the best rates.

What's involved in making your Credit Score?

Your Credit Score is made up of a number of factors including -

- **Payment History**
- **Amounts Owed**
- **Length of Credit History**
- **Types of Credit**
- **Any New Credit**

This credit score number signals to potential lenders whether or not you are likely to pay back your debts. The factors that make up your score are taken directly from your credit report which (*as you know already*), contains information on your credit-using history.

If you plan to borrow money in the future (to buy a car or take out a mortgage), it's a good idea to establish and maintain a **Good Credit Score**.

The majority of people will need an established credit history in order to borrow money and avoid paying deposits on utilities and more.



How is your credit score compiled?

In the UK, there are three main agencies that compile credit scores and ratings. These agencies are: **Equifax**, **Experian** and **Call Credit**.

Each of these agencies collects information from banks, financial organisations and utility companies in order to compile reports. It's worth noting that not all of your information will have been shared with all three agencies, so there may sometimes be differences between each agency's report.

A large amount of financial history will be recorded in credit files that may have a positive or negative impact on a credit score.

Things that can affect it positively include

- Making loan or mortgage payments on time
- Using a credit card responsibly
- Not going over any pre-arranged credit limits
- Being on the electoral roll at your registered address

Things that can have a negative impact on your credit score include

- Missing or making late payments on a personal loan or mortgage
- Going overdrawn on a bank account without a pre-arranged overdraft
- Having a financial association (such as a joint bank account) with someone who has a poor financial record
- Applying for credit too frequently

Wayne's Tip... *Rent payments are not currently taken into account for credit scores, but this is set to change. Experian are developing a Rental Exchange service which will give tenants the option of making their rental payment history visible on their credit report.*

Financial organisations, credit lenders and utility companies usually use credit scores to determine whether or not to offer credit, and what terms that credit might be offered on. Each institution may work with Equifax, Experian or Call Credit to look up your score and use it to inform their decision.

Your credit score is likely to be checked if you -

- Apply for a new bank account, or try to set up an arranged overdraft on your existing account
- Apply for a credit card or store card
- Make a big purchase, such as a car, on finance
- Take out a new mobile phone contract
- Apply for a loan
- Apply for a mortgage, or to rent a property
- Take out an insurance policy

Contrary to some common beliefs, there is no set level for what is considered an acceptable score as different organisations work on the basis of different thresholds.

As a general rule, if you have a higher score you are considered to be lower risk by most organisations, and they may be more likely to choose to offer you credit on favourable terms.

For lower credit scores, it's more likely that organisations may reject credit applications altogether, or offer it on less attractive terms.

Facts Versus Myths about your credit score

Now, there are quite a few assumptions and myths out there about credit scores. So here's a quick rundown what will and won't harm your credit rating:

Myth: Being turned down for credit will harm your rating.

Reality: Being turned down for credit is not held on a credit report so has no effect on how you're rated. However, what does have an impact is if you're unsuccessful and then repeatedly apply elsewhere without finding out what the problem is.

Every search on your file that lenders make when they assess you leaves a footprint. Too many in too short a time can look like you're in financial trouble, which makes you look like a risk.

Myth: Regularly paying off utility bills will improve your score.

Reality: You should, of course, always pay your utility bills. But not all utility companies share their information with credit reference agencies, so don't assume that lenders will know that you've had a faultless history with your energy company.

Myth: Working in a salaried job will improve your score.

Reality: The fact that you have a job that pays a regular salary is not on your credit report. However, it will form part of a credit application and being employed and paid monthly is a sign of stability, which lenders like. They will also ask about your income to ensure that you can afford any new borrowing.

Myth: Being arrested or having a criminal record will harm your rating.

Reality: This sort of information is not on your credit file.

Myth: Being on the electoral roll won't improve how you're rated for credit.

Reality: This is one of the easiest ways to improve how you're rated. It lets lenders corroborate your address and identity and is a sign of stability.

Myth: Having several cards will harm how you're rated.

Reality: It comes down to how you use them. If you're struggling to juggle payments, lenders will see this. But if you're using less than 50% of your available balance, can afford payments and are making them on time, these are signs of someone who can sensibly manage their credit.

It's often better to have several cards with a lower balance on each than the same total amount all on one card. For example, if you had five cards with £1,000 credit available on each and each card was £100 in debit, but you transferred all the balances to one and cut up the others, it would probably have a negative impact. That said, some lenders may perceive a risk if your available balance is far, far more than you could ever afford to repay.

Myth: Missing a credit card or mortgage payment won't harm your score.

Reality: Missing repayments is one of the most harmful things on your credit report. Lenders want to know you are reliable and not always making repayments says the opposite. Missing one or two may not make too much difference, but if it looks like regular behaviour, lenders will shy away.

And remember that missed payments stay on your account for six years – so you could be storing up real problems for the future.

Myth: Paying off a credit card on time has no impact on your rating.

Reality: A strong history of regular payments and settling of accounts is exactly what lenders want to see.

Myth: Having a credit card will harm your rating.

Reality: If you don't use credit, lenders find it hard to assess whether you would be a good person to lend to. Remember, they are looking for evidence that you are a safe bet.

So, now you know about your Credit Score, how it's calculated, what it means and where you can get it. We've also dispelled any myths you may have heard about them as well.

Would you now like to build your Credit Score so you can get the best rates on loans, credit cards and even a mortgage?

Let's dive into that now...



Chapter 3

Building Your Credit from Zero

It's kind of like the old chicken and egg scenario. Without a credit card it's difficult to get credit and with a poor credit history (or *no* credit history), it's difficult to get a credit card. I remember that when my credit took a massive hit, I had to start from the ground up. However, I found that if you start at the bottom and use your credit responsibly you can slowly but surely work your way up to an excellent credit score. So whether you are just starting out in life, have no credit or just never got round to building a good credit score then this chapter is for you.

Now, you know the 5 factors that influence your Credit Score –

- 1 Your Payment History (35%):**
- 2 Your Credit Utilization (30%):**
- 3 Length of credit history (15%):**
- 4 Types of credit in use (10%):**
- 5 New credit (10%):**

Now let's have a look at building it up so you can get the best rates on loans, credit cards, car loans and even a mortgage.

Build Your Credit from Zero with a Credit Account

Now that you understand how to positively influence the factors that make up your credit score, it's time to actually start building credit with a credit account.

Number 1: Get a credit card

You have a few options for your first credit card:

Apply for a Secured Credit Card

If you're single, you'll likely need to start with a secured credit card. A secured card is backed by a cash deposit that's usually equal to your credit limit. You'll use the card normally like making purchases. But always make a payment on or before the due date otherwise you will incur interest if you don't pay your balance in full. Your cash deposit is used as collateral, so don't treat your secured card like a prepaid debit card. And don't worry you'll receive your deposit back when you close the account.

Wayne's Tip... *Secured credit cards aren't intended to be used forever. The purpose of getting a secured card is to build your credit enough to qualify for an unsecured card, which won't require a deposit and will offer you better benefits.*

Choose a secured card with a low annual fee, and make sure it reports to all three credit reference agencies.

Get a cosigner on an unsecured card

If you want to skip ahead to an unsecured credit card, you'll need a cosigner. Remember, your cosigner's credit may be tarnished if you don't use your card responsibly, so make your payments on time and don't max out the card.

Become an authorized user

A family member or significant other may be willing to add you as an authorized user on his or her card. As an authorized user, you'll enjoy access to a credit card and you'll build credit history, but you aren't legally obligated to pay for your charges.

Wayne's Tip... *Ask the primary cardholder to ask his or her issuer if authorized user activity is reported to the credit reference agencies. It generally is, but you'll want to make sure, otherwise your credit-building efforts will be for nothing.*

You should come to an agreement on how you'll use the card before you're added as an authorized user. If the primary cardholder adds you to his or her card but expects you to pay your share, make sure you do so even though you aren't legally obligated.

Number 2: Learn the guidelines for building credit

Lenders use your credit score to determine your financial trustworthiness. Practicing these good credit habits will build your score and prove that you're creditworthy:

Make 100% of your payments on time, not only with credit accounts, but also with other accounts, like your utility bills. Bills that go unpaid may be sold to a collection agency, which will hurt your credit.

Keep your credit card debt low. Whether you carry a balance from month to month — we strongly urge you to never carry a balance — don't let your debt balance exceed **30%** of your credit limit at any time. Remember, balances are often reported mid-billing cycle, and a high balance means high credit utilization.

Use your card regularly. Credit accounts that go unused may be closed by issuers after a certain period of time. When an account is closed, your credit utilization will go up and your length of payment history may go down.

Keep accounts open for as long as possible. Unless one of your unused cards has an annual fee, you should keep them all open and active for the sake of your length of payment history and credit utilization.

Avoid opening too many accounts at once; it will lower your average account age.

Check each of your credit reports regularly for errors and discrepancies.

Number 3: Understand the factors that influence your Credit Score

Your Credit Score is made up of these five factors:

1 Your Payment History (35%): It's very important to make all your payments on time. Any late payments can hurt your credit score and cost you in fees and interest rate penalties.

2 Your Credit Utilization (30%): Keeping your debt balances low in relation to your credit limit is important for a good credit health. As a general rule you should keep your credit utilization (the amount you actually borrow against your credit limit), below 30%. Examples, if you have a total available balance on your card of £1,000 don't spend more than £300 on the card in a month. Your balances are often reported mid-billing cycle, so it's a good idea to keep your credit utilization **below 30%** at all times.

3 Length of credit history (15%): The longer your credit history the better because potential lenders will see you as more creditworthy. Your length of credit history is calculated based on the age of your newest account, the age of your oldest account, and the average age of all of your credit accounts.

4 Types of credit in use (10%): The mix of different credit accounts (such as auto loans or mortgages) you have will impact your credit in a small way. As a general rule, diversification is better than having only one type of credit account.

5 New credit (10%): Applying for too many credit accounts at once can bring your score down. Each new credit application results in a new credit penalty, so try to avoid applying for multiple credit accounts in a short period of time.

The data that influences these factors comes from your credit report. You have credit reports from each of the three major reporting agencies — Experian, Equifax and Call Credit— and you have a Credit Score from each as well. These scores may vary from one to the next if:

A - One of your reports contains an inaccuracy

Or

B - Your lender doesn't report to one or more of the Credit Reference Agencies.

Number 4: Knowing how to check your credit reports and credit scores

Remember, all three credit agencies have a statutory obligation to provide you with your credit report for £2. Request your reports from **Experian, Equifax** and **Call Credit** and use this guide on how to read your credit report to make sure nothing's amiss.

Number 5: Be patient

If you're using your credit card responsibly and following the guidelines above, all that's left to do is be patient. Building an excellent credit score takes time. In the meantime, enjoy watching your score creep up from nothing to the **700-800s**.

Before you get your first credit card, you should have a good understanding of how your score is calculated and how to use credit responsibly. You should also know how to get access to your credit reports and scores. After that, you can start building your credit with a secured card or an unsecured card with a cosigner, or by getting added to a loved one's credit account as an authorized user.

And remember to be patient: Building your credit rating takes time, but it will happen as long as you're making the right moves.



Chapter 4

Managing Your Credit Cards

Credit cards can be a handy way to borrow if you use them in the right way and they can certainly help with building your credit as well.

However, you will need to keep control over them.

So here are some simple tips to help you manage your card correctly.

Keep Your PIN Secure

Don't store your PIN with your card, or give it to anyone else. If you do, and someone takes the card and uses it, the bank may not pay you back what's stolen. Change your PIN to something you'll remember. You can do this at most ATMs. Pick something you can remember, but not something like your date of birth that others could guess.

Check your bill

Open your bill, sit down with it, and check through it– don't just leave it on the kitchen table.

If you get your statement online, be organized about when you log in to check it. Do it on a particular day, say a week before the payment's due.

Plan to pay off in full each month

If you don't completely clear your balance, you could get charged interest on everything on your card, depending on your card company. Even the money you spent that month. If you ran up a credit card bill of **£100** during the month and paid off **£99** at the end you could be charged interest on the whole **£100**, because you were still **£1** in debt.

Debts can spiral out of control because you pay more interest when you don't clear your card each month, debts can mount up and take a long time to pay off.

Wayne's Tip... *Remember interest charges and the way they are calculated vary considerably between credit card companies.*

Avoid the Late Payment Trap

If you don't pay your bill on time, there could be some serious consequences.

Fees and charges: You'll be charged a late payment fee, plus interest on the whole amount you owe.

Increased interest rates: If you're a repeat offender your card provider may increase your rate.

Problems getting other credit: Paying late can damage your credit rating, making it harder to get loans, mortgages, other cards and even mobile phone contracts.

However, there are ways to avoid paying late.

Pay by Automatic Payment (Direct Debit). The best way to avoid the late payment trap is have the money go out of your bank account automatically. Ideally, set up a Direct Debit to pay off the full amount every month.

Pay with time to spare. Although you can pay your credit card bill by phone or online from your bank the same day, it's better not to leave it until the last minute. And remember if you pay by check it can take days for it to clear.

Avoid the Minimum Payment Trap

The minimum amount you need to repay on your card each month is often quite small, perhaps a percentage of the balance plus the interest.

But paying just this amount costs you much more in the long term. You could be making repayments for years and end up paying much more in interest than the original debt.

Let's take an example – a debt of **£1,000** on a credit card with **16.9% APR**. The minimum repayment for this card is **2%** of the balance, or **£5** – whichever is greater. The first payment will be **£20**, but this figure will fall as you repay the balance.

The table shows how much you could save if you repay the same amount every month.

Monthly Repayment	Time You Take to Repay	Interest You Will Pay	Total You Will Pay Back
Minimum – 2% of Balance	22 Years 11 Months	£1,530	£2,530
£20	6 Years 10 Months	£635	£1,635
£50	2 Years 8 Months	£167	£1,167
£100	11 Months	£78	£1,078
£250	5 Months	£34	£1,034
£500	3 Months	£20	£1,020

Wayne's Tip... Remember, if you don't pay off the whole bill you get charged interest on everything on the card, including new things you bought that month – so if you keep spending on that card you'll end up paying even more.

Keep within your credit limit

Don't go over your limit (if you do you'll be charged a fee).

If necessary, contact your card provider to request an increased credit limit.

Don't Use Cash Withdrawals

Credit cards aren't like debit cards, you can't withdraw cash for free. You'll pay fees and higher interest than normal, even if you pay off your card in full at the end of the month.

You'll usually pay the same fees and interest as you would for cash withdrawals if you carry out other transactions, such as:

- Buying foreign currency
- Buying postal orders
- Gambling transactions
- Competition entry fees

Avoid recurring payments on your credit card

A recurring payment lets a company put the charges onto your credit card bill automatically – but it's not as safe as a Direct Debit from a bank account.

To cancel a recurring payment, contact your card provider and tell them that you withdraw your permission for the company to take payments. If your bank allows the company to take any payments after you've stopped your permission, it must refund this money to you along with any related charges.

Wayne's Tip... *Recurring payments are best avoided because of the danger that you won't realize how much is on your bill, and you might go over your credit limit accidentally which could lead to charges.*

Protecting your payments

If you're worried that something might happen to stop you making payments on your credit card debt (perhaps if you lose your job) there is insurance you can buy. However, think very carefully before going for it as it's expensive, sometimes controversial, and you may even already be covered by another insurance policy.

Secured Credit Cards

Your history of using credit cards and repaying them on time can have a large impact on your **Credit Score**.

If you don't have an a credit history established yet or if you have a poor credit, getting and using a **Secured Credit Card** can be one of the best alternatives to establishing, or re-establishing a good credit standing.

So what is it?

A Secured Credit Card has its credit limit 'secured' by a security deposit made by the consumer into special savings account. The available credit limit is established on how large the security deposit is. You are very likely to be approved for a Secured Credit Card as most don't require a co-applicant. However, all of them require the security deposit.

Wayne's Tip... *If a Secured Credit Card is reported to the three Credit Reference Agencies, it is reported in the same as any other credit card.*

In comparison, a **Prepaid Debit Card** (sometimes simply called a "**Prepaid Card**") is a variant of a normal debit card where the funds available on the card have already been pre-loaded. It functions in the same as a debit card for a checking account does. Popular types of Prepaid Debit Cards are **Gift Cards** and **Rebate Cards**.

For example, parents may provide their teenagers with a Prepaid Debit Card issued by **Visa**, **MasterCard** or **American Express** in order to teach responsible card-based purchasing behaviors.

***Wayne's Tip...** However, unlike most Secured Credit Cards, a Prepaid Debit Card is not reported to the credit reference agencies and its use will not have any impact on your credit standing.*

How to Get Approved

Once you go over a certain number of **Hard Inquiries** (These are the ones in which you authorized a potential creditor to make, such as applying for a loan or credit card), over a 2 year period your chances of getting approved for a credit card and other loans can be drastically reduced.

That number of **Hard Enquiries** is estimated to be between **12 to 16 per Credit Reference Agency**, and remember that there are 3 main credit s in the UK: **Call Credit**, **Experian** and **Equifax**.

If you are continuously applying for credit then they may consider that there is a chance that you are financially stressed and therefore, less likely to pay back your debt.

So, to increase your chances of approval, you could stagger your applications for credit cards over a **2 year period**, in this way you will apply for no more than **12 to 16** cards per credit reference agency.

For example, you could apply **for 2 credit cards every 4 months from each of the 3 credit reference agencies**. That way, in a **2 year period you will have 12 inquiries from each of the 3 credit reference agencies**.

However, this may not work if you have a short credit history (of less than 4 to 5 years).

If you've applied for credit cards from different banks in the last 2 years, you could look at your credit report and see which credit agencies were used.

For example, if you applied for a HSBC credit card last year, you could just look at your credit report to see which credit reference agency was used by HSBC.

Wayne's Tip... *All three credit reference agencies have a statutory obligation to provide you with your credit report for £2. You can access your report online or by asking for a written copy. Your statutory credit report shows a summary of your current credit history.*

In addition to this, you can (and should) get a copy of your credit report every time you are denied credit or any adverse action was taken because of information on your credit report. As you know, it's a good idea to review your credit report for accuracy any way.

Now, banks often change which credit agency they use, so it's a good idea not to assume that they will always use the same credit reference agency every time.

If you apply for only a few (3 to 4) credit cards a year, you may not have to worry about which credit agency was used.

However, if you apply for a lot of credit cards, you may want to know which credit reference agency a bank is likely to use, since too many inquiries to 1 particular credit agency will reduce the likelihood of getting approved.

Wayne's Tip... *Don't apply for **any** credit cards if you will be applying for a big loan (such as a mortgage), in the next 2 years.*

Chapter 5

Why Improve Your Credit Score?

You know one of the first things I'm always asked about credit reports and credit scores is...

"Why should I improve my credit score"?

And it's a fair enough question. After all, we don't all wake up every day with our credit score on our minds. However, it is one of those permanent things that has a huge impact on all our lives. It literally means the difference between getting approved for credit, whether it's for a credit card or something much bigger such as a mortgage or being denied.

To give you an idea about why your credit report and score is so important and how it can affect you let's take a look at the consequences of having a lower than average credit score. If you have a below average credit score then the impact it has on you is as follows

Very Poor Credit Score – You could be refused credit, loans and will pay high interest on any short-term (payday type) loans.

Poor Credit score – You could be refused credit or if credit is granted you'll likely pay higher rates on loans and insurance.

Low Credit Score – You could be approved for credit, but you will probably pay higher rates compared to someone on a higher score.

In each case improving your credit score will have a real and positive benefit on whether you get accepted for a loan and/or mortgage and your financial future.

Which nicely brings us on to the next chapter...

Chapter 6

Completely Transform and Repair Your Credit Rating

If you have a below average or average credit score but you are planning to apply for large credit (such as a mortgage for a new home). You will need to build your credit further to a either a **Very Good** or even an **Excellent** score in order to get the best rates.

To help you with this I've laid this chapter out to cover 6 months. However, depending on your current credit score you could completely transform your credit rating in as little as **just 60 days**.

Task 1:

Get a copy of your credit reports and check them through thoroughly. Then, if you need to, dispute and correct any errors you may find.

It's best to start this process now as not all errors are fixed on the very first try PLUS take note of latest credit score, so you know your starting point.

Task 2:

Improve your debt levels by paying down your credit card balances.

Ideally your balances at any time during the month should be no more than 30% of your available credit (**Credit Utilization**). If necessary, you can apply now for one additional credit card or request an increase in your limit on your existing cards. Spread you credit over several card balances. Better to have two cards at **30%** of the available balance on each card rather than one card at a 60% balance

For example: Card 1 – Available Balance = £1,000 Credit Used = £300

Card 2 - Available Balance = £1,000 Credit Used = £300

Credit Utilization ratio = 30% and total Credit Used = £600

This is much better for your credit score than having one card with an Available Balance of £1,000 and a Credit Used of £600.

As in this case your **Credit Utilization ratio = 60%, but the total Credit Used is the same (£600).**

New applications do temporarily put a ding on your credit score, but it should recover before you need your mortgage.

Wayne's Tip... *Don't open a lot of new cards, just enough to keep your Credit Card Utilization at 30%, and whatever happens don't spend that extra available credit.*

Task 3:

If your credit report only shows credit cards you can improve and vary your types of credit by asking other creditors to report your information to the reference agencies as well. Creditors such as local retailers are not required to report credit information, but it never hurts to ask.

But don't buy a car or anything else just to improve your credit mix. It won't help your score enough to be worth the money you spend.

Also, revive any old accounts you haven't used in a while so they will be reported and improve your length of credit history.

Wayne's Tip... *One transaction every six months is enough to keep an account active.*

Task 4:

Set up automatic payments. Remember even one late payment can hurt your credit score. Depending on your normal checking account balance, set up an automatic payment (or Direct Debit), just large enough to prevent you from ever making a late payment, or create multiple payments to keep your card balance as close to zero throughout the month. When your bill comes in, you just pay what's left.

Task 5:

To make sure your credit card balances are reported as low to the credit reference agencies before you go looking for any new credit, start using cash as much as possible now.

You can also go online and check your credit card balances before the credit card statement period ends and pay it off early to keep from having your balance reported at its highest point.

Task 6:

Do your entire rate shopping for your loan or mortgage within a short period of time so you don't get flagged for multiple credit inquiries.

If you're using your credit card responsibly and following the guidelines above, all that's left to do is be patient. Building an excellent credit score takes time. In the meantime, enjoy watching your score creep up from nothing to the **700 or even 800s**.



Get a **700+** Credit Score in Just **60 Days**

Credit Improve and Repair Toolkit



Credit Improve and Repair Toolkit

Introduction

It's common for most of us as we go through life that things don't always go according to plan. In the past you may not have managed your finances as well as you otherwise could have, got into debt, struggled to find a job or a major event has occurred in your life. Whatever the reason you find that your credit you're your credit score is in a poor state which means that you are now finding it difficult to get approved for a mortgage, credit card or loan. You may also find that if you do get approved, you are more likely paying much higher interest rates than folk with a good credit and score.

The Good News is that by reading and following this section I can help you to get your credit back on track. You can then take back control of your credit and repair it, so that in the future you will get approved for financial loans and get the best interest rates.

The Banks and Credit Card companies will want you to be their customer and will offer you better deals. Insurance companies check your score to help them decide how much to charge you for your home insurance so the better your score, the better the deal.

Also some employers check your credit as part of their background checks on new applicants, so if you have good credit then you are more likely to get hired as a result.

So if you are in this position there's no better time to act than now, as repairing your credit will positively help you in a number of different ways.

Remember, *'Rome (nor London) was not built in one day'* so repairing your credit will take time and a certain amount of work. But, if you stick to the plan and follow the tips in this section then you will soon be enjoying real benefits.

Let's get started...

Chapter 7

Repairing Your Credit

Before you start repairing anything, you need to know what the problem is first. It's a bit like when your car breaks down. The mechanic first of all has to find out what the problem is with the engine or transmission before they can fix it. It's the same with your credit. *So let's take a look under the bonnet.*

As you know, your credit report and score is the way banks and other financial companies see your creditworthiness. So you need to see what they see in order to know what is wrong and then you can start repairing it. It could be that it's not all your fault, contrary to some beliefs credit reports aren't always accurate and they can be prone to errors and mistakes. Therefore, as the information on your reports are used to calculate your credit score, any errors can prevent you from getting favourable credit terms or even getting approval for any credit at all.

What is Credit Repair and when is it needed?

Credit repair is the process of removing derogatory items from your credit report. By removing mistakes and errors and/or by clearing the debt owed and making sure that this is reflected on your credit reports and your credit score, this will repair your credit status and improve your creditworthiness in the eyes of any potential creditor.

You can dispute items with –

The Credit Reference Agencies - Experian, Equifax and Call Credit

Creditors - Companies you may owe money to e.g. Banks, Credit Card Companies

Collection Agencies - Agencies who collect debt on behalf of your Creditors.

There are certain laws in place that allow you to dispute anything on your report, good or bad. By using the law you can get negative items removed from your report.

You may also want to settle old debts. In this case it's best to tackle the easier ones first.

You can also reach an agreement with your creditor and make sure the debt is removed from your credit report.

Remember - A poor Credit history is not the end of the road and it can be repaired, it just takes time, the right advice and the tools.

The template letters included in this **Credit Repair Toolkit** will help you to do this.



Chapter 8

Credit Repair Quick Guide

You can begin to repair your credit through the appropriate use of notices of dispute, of correction and/or of disassociation.

Before doing so, you will need your statutory credit report. So if you haven't yet you can find out how on [page 7](#).

Notice of dispute

If there is incorrect information on your credit report you can write to the lender or the credit reference agency. If you write to the credit reference agency, it will normally need to contact the lender and ask it to investigate your complaint. You may therefore find it quicker to write directly to the lender yourself. This will also save you having to write to each of the agencies that hold the information you think is wrong.

Writing to the lender

- Give your full name and address. It may also help to give any relevant account numbers or reference numbers to help them find your information.
- Explain what information you think is wrong and why.
- Provide any proof you have to show the lender why the information is wrong.
- Keep a copy of any letters you send.
- Give the lender a reasonable time to reply, say at least 28 days. This will enable it to investigate the problem.
- If you do not get a response, you should send the lender a follow-up letter.

Writing to the credit reference agency

- Give your full name and address. It may also help to give your credit reference file number.
- Clearly explain what information you think is wrong and why.
- Provide any proof you have to show why the information is wrong.
- Keep a copy of any letters you send.

Wayne's Tip... By law the agency must tell you within 28 days of your letter if it has removed the entry from your file; made an amendment to the entry or whether they have taken no action.

If the entry is amended, the agency will send you a copy of the amended entry. The agency will also send the details to any lender that has searched your credit reference file in the last six months.

Notice of correction

If there is information on your credit report that is factually incorrect, but the credit reference agency has taken no action in response to any objection lodged, or if there is information, which is correct, but where there may be background circumstances that you would like any potential lender to take into account, you can ask the credit reference agency to add a notice of correction to your credit reference file. You can also write to the Information Commissioner.

What is a notice of correction?

This is a statement which you can write of up to 200 words . It will be seen by anyone who looks at the entry on your credit reference file and should be taken into consideration if you apply for credit.

Your statement should clearly and accurately explain why you think an entry on your credit reference file is wrong or misleading or requires further explanation.

If the agency thinks your notice of correction is incorrect, defamatory, frivolous or scandalous, or is for any other reason unsuitable for publication, it must pass the notice to the **Information Commissioner**. The Commissioner will then make an order to say what notice, if any, should be added to your credit reference file.

Notice of disassociation

A great deal of incorrect information arises not only from "identity theft" but from general confusion which can arise from living with someone who has a bad credit rating. To deal with this, you need to serve a **Notice of Disassociation** to the credit reference agency. Once you have disassociated yourself from someone, only your information will be used by a lender to assess your application for credit.

Again, the credit reference agency has 28 days to complete this process after receiving a notice of disassociation from you.

Further action

Should the credit reference agency refuse to action your request or fail to reply to it within the required period, the best additional action would appear to be to refer the matter without further notice to the UK [Information Commissioner's Office](#) with the request that they make suitable enquiries into the matter.

The address of the Information Commissioner's Office is:

Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF.

Additionally credit reference agencies are obliged to have a complaints handling policy that meets minimum standards set by the [Financial Service Authority](#). You may wish to refer the matter to the [Financial Ombudsman Service](#). You can do this if:

- The credit reference agency involved has had the chance to deal with the complaint and has issued a final response
- Or
- More than eight weeks have passed since the complaint was received by the credit reference agency

Future Fraud Protection with CIFAS Registration

The Credit Industry Fraud Avoidance System (CIFAS) is a UK fraud prevention service.

If you're in the unfortunate position where your identity has been stolen, you can ask for a form from CIFAS. Once completed and returned to them a warning will be recorded on the **CIFAS database** for your **Protective Registration**. Thereafter, whenever you make an application for credit, the lender or insurance provider will see this message -

"CIFAS-DO NOT REJECT-REFER FOR VALIDATION"

They will then make further inquiries.

CIFAS Protective Registration is available for a small fee. As a result of the entry on your file, the lender or insurance provider will verify your identity further and in some cases request further proof of identification.

***Wayne'sTip...** A CIFAS Protective Registration may mean that you and members of your household experience delays while your credentials are fully checked. But it is worth these delays if you consider the additional protection it gives you against repeated identity theft.*

Chapter 9

Ten Step Credit Repair Plan

Here's my step-by-step guide, advice and the letter templates to Repair Your Credit.

Ten Step Credit Repair Plan.

Step 1: Work out what you want to dispute

Get a copy of your credit report. You may want to print it as well, that way you can highlight the accounts you want to dispute. Note – But **Don't** dispute more than 3-4 items in a single dispute.

Step 2: Write or type a clear letter

It is best to type the letter so it can be easily read, but remember to hand-write the receiver and return addresses on each envelope and don't forget to sign it!

Step 3: Write in a professional style

Avoid using too much emotion or waffle in your letters; the more professional the letter looks the easier it will be to read and the more attention you will get. However, if it is not an official dispute letter it can still be personal to your situation.

Step 4: Prove your identity

Include a photo-copy of your driver's license and utility bill (electric bill, mobile or home phone bill, etc.) when disputing an account with the credit reference agency.

Step 5: Follow up after 28 days

Start by sending dispute letters to the Credit Reference Agencies. Make sure you use the follow up letters as well if by the 28 day period in which they are required to respond you have still not received anything back from them.

Step 6: Make a plan

You don't have to wait to get the results of one dispute before you can start another. For instance if you have 10 derogatory accounts, you should dispute 3 in one letter, 3 in another letter and the remaining 4 in another. Wait at least 5 days in between each dispute letter.

Step 7: Write debt validation letters

After you have disputed all items you believe may be inaccurate on your report. Whatever items are still remaining you can send the debt validation letters to the collection agencies.

Step 8: Get delivery confirmation

Debt validation letters **MUST** be sent out certified with delivery confirmation. If they ignore your request you have all you need to send to the credit reference agencies asking them to remove the account.

Step 9: Call the collection agency direct (be polite but firm)

If an account is verified by the credit reference agencies, and validated by the collection agencies you can call the collection agency to see if they will agree to do a **Pay for Delete**. Example, you pay an agreed sum and they agree to remove the account (always make sure you get this in writing before making any payment).

Step 10: Settle the debt

You may be required to settle the debt so that the account is paid with no balance.

Then send the follow up letter to the credit reference agencies to dispute the account again.

Chapter 10

Sample Letters/Emails

Below I have included a collection of useful letter templates you can use to contact the Credit Reference Agencies, Creditors and Collection Agencies.

All you need to do is replace the details marked in **orange** to form your letter to suit your own circumstances.

When you write your letter it's best to use the format below for each one

Date
Your Name
Your Address
[Name of credit reference agency, Creditor]
Their Address
RE: Your Account Number

Wayne's Tip... *You will never find the exact letter for your situation and you should change the language and style of the letters to suit your circumstances. Always think about the person reading your letter, how will they react when reading it. Check you letter for any mistakes and maybe ask someone else to also read it. It's always good to get a second opinion.*

And remember to -

Keep Copies of Everything.

Letters to Credit Reference Agencies

Tell the credit reference agency (CRA) in writing what information you believe is inaccurate. Include copies (NOT originals) of any documents that support your claim.

You may want to enclose a copy of your credit report with the items in question circled.

Send your letter by **Registered Post, Return Receipt Requested**, so you can be sure that the CRA received your correspondence.



Remember to keep copies of your dispute letter and enclosures.

Sample Letter 1 – Inaccurate Information

Dear Sir or Madam:

I am writing to dispute the following information in my file. The items I dispute also are encircled on the attached copy of the report I received.

This item (identify item(s) disputed by name of source, such as creditors or tax court, and identify type of item, such as credit account, judgment, etc.) is (inaccurate or incomplete) because (describe what is inaccurate or incomplete and why). I am requesting that the item be deleted (or request another specific change) to correct the information.

Enclosed are copies of (use this sentence if applicable and describe any enclosed documentation, such as payment records, court documents) supporting my position. Please re-investigate this (these) matter(s) and (delete or correct) the disputed item(s) as soon as possible.

I have also enclosed a copy of my driver's license as proof of identity. I look forward to your reply.

Sincerely,

[Your signature]

Your Name

[List items enclosed]

Sample Letter 2 – Goodwill Letter to Send to the Credit Reference Agencies

This letter is a "Goodwill" letter requesting a creditor to remove a late payment or two because you have been a good customer. You are appealing to the creditor based on a good recent paying history. You will need to alter this letter to fit your situation and late payment history. Please go through this letter carefully and make sure to edit it where needed.

Dear "Creditor":

I have been a (creditor's name) customer since (date you opened account) and during that time, I have enjoyed my experience with (creditor). I am writing to see if you would be willing to make a "goodwill" adjustment to your reporting to the three credit agencies. I have a few late payments on the above referenced accounts that date back to (insert dates). All but 1 of the late payments is 30 days late. Since that time I have been an exceptional customer paying early every month and have been rewarded by (creditor) with ever increasing limits and lower APRs. Because of my exceptional payment history over the last (number of years), I would like you to consider removing the negative payments from my credit report. At the time of those late payments, I was a full time college student without a job. I say that not to justify why the payments were late, but rather to show that the late payments are not a good indicator of my actual credit worthiness.

I hope that (creditor) is willing to work with me on erasing these marks from my credit reports. I have been a very happy customer in the past and hope to continue a long relationship with (creditor). With today's credit industry so competitive, I know how important it is to maintain good relationships with customers. (Creditor) has been exceptional in my book so far and I highly recommend it to all my friends and relatives. I hope that you will deeply consider my request and prove once again, why (creditor) is heads above the rest. I look forward to your reply.

Sincerely,
Your Name
[your signature]

Sample Letter 3 – Follow up Letter to Send to the Credit Reference Agencies

In this letter, and all succeeding correspondence with the credit reference agency, you need to get increasingly intimidating. Use this letter to follow up with the credit reference agency with respect to the original dispute letters you already sent to them.

Use this letter if you have not heard back from the credit reference agency in **28 days**.

[Address the letter as shown above]:

Dispute Letter of: [date you sent in first or subsequent requests]

Dear [Name of Credit],

This letter is formal notice that you have failed to respond to my dispute letter of (date). I sent this letter registered mail and have enclosed a copy of the return receipt which you signed (date).

As you are well aware, you are required to respond within 28 days. It has now been over that period since your receipt of my letter.

I am aware that you may have misplaced my letters or have failed to respond to my letter because of an oversight due to the high volume of the requests you receive daily. If this is the case, I'm sure you'll want to handle this matter as soon as possible. For this purpose, I have included a copy of my original request, the dated receipt of your reception of the original letter and a copy of the proof verifying the incorrectness of the credit item you have mistakenly placed on my records.

The following information therefore needs to be verified and deleted from the report as soon as possible:

[CREDITOR AGENCY, acct. 1234]

Please delete this erroneous item from my credit report as soon as possible.

Sincerely,
Your Signature
Your Name

Letters to Creditors

Sample Letter 4 – Removing Inquiries from Your Credit Report

Prepare letters to each inquiring creditor asking them to remove their inquiry. Only authorized inquiries to appear on the consumer credit report. You must challenge whether the inquiring creditor had proper authorization to Hard Enquire your report.

Date

Your Name

Your Address

Postcode

Credit Card Company

Credit Card Company Address

Your Acct #XXX-XXX-XXXXXXX

Re: Requesting Original Creditor to Investigate a Negative Listing

Dear [name of Credit Card Company],

I recently obtained my credit report from Experian, Equifax and Call Credit and to my amazement, saw that you recently have decided to report me 30 days late on this account in (list the dates). I immediately disputed this information with Equifax, Experian and CallCredit and the results of the investigation came back "verified". Not only was I never late on this account, but as the information furnisher, you are required to notify me of the insertion of negative listings.

Since I have disputed the these entries with the credit reference agencies, and you obviously "verified" them, I am very curious as to what kinds of "records" you may have for this alleged account. You are required to conduct an investigation on this account if I request it. I therefore am submitting my written request to you to conduct an investigation. This includes any information to a credit reporting repository that could be inaccurate or invalidated or verifying an account as accurate when in fact there is no provided proof that it is.

I would also like to request, in writing, that no telephone contact be made by your offices to my home or to my place of employment. If your offices attempt telephone communication with me, including but not limited to computer generated calls or correspondence sent to any third parties, it will be considered harassment and I will have no choice but to seek legal advice.

All future communications with me MUST be done in writing and sent to the address noted in this letter.

This is an attempt to correct your records; any information obtained shall be used for that purpose.

Sincerely,

Your Signature

Your Name

Letters to Collection Agencies

Sample Letter 5 – First Letter to Agency

Date

Your Name

Your Address

Collection Agency

Collection Agency Address

RE: Account #xxxxxx-xxxxxx

Dear Sir or Madam:

I am writing in response to an account your company has placed on my credit report. This account is not accurate and I therefore require from you the following information:

- What is this account for?
- How did you calculate what you claim I owe you?
- I need copies of all documents that show I agreed to these services and pay what is claimed I owe you.
- I would like to have your license number.

Please also send a copy of this dispute to the company you are collecting for and remove this account from my credit report as soon as possible.

I am not avoiding my financial liabilities but I am confident that this account is inaccurate. My credit score has significantly suffered as result which is preventing me from (insert reason could be buying a family home etc.)

Your prompt attention and response to this matter is greatly appreciated

Sincerely,

Your Signature

Your Name

Sample Letter 6 – Attempt to Validate Debt Sample Letter

You are allowed to challenge the validity of a debt that a collection agency states you owe to them. Use this letter to make the agency verify that the debt is actually yours and owed by you.

To Whom It May Concern:

I am sending this letter to you in response to a notice I received from you on (**date of letter**). Be advised, this is not a refusal to pay, but a notice sent pursuant that your claim is disputed and validation is requested. This is NOT a request for "verification" or proof of my mailing address, but a request for VALIDATION.

I respectfully request that your office provide me with competent evidence that I have any legal obligation to pay you. Please provide me with the following:

- What the money you say I owe is for;
- Explain and show me how you calculated what you say I owe;
- Provide me with copies of any papers that show I agreed to pay what you say I owe;
- Provide a verification or copy of any judgment if applicable;
- Identify the original creditor;
- Provide me with your CompanyRegistration.

If your offices have reported invalidated information to any of the three major Credit Reference agencies (Equifax, Experian or Call Credit), the action might constitute fraud under UK law. Due to this fact, if any negative mark is found on any of my credit reports by your company or the company that you represent I will not hesitate in bringing legal action against you.

If your offices are able to provide the proper documentation as requested, I will require at least 30 days to investigate this information and during such time all collection activity must cease and desist.

Sincerely,

Your Signature

Your Name

Sample Letter 7 – Detrimental Inquiry

Also during this validation period, if any action is taken which could be considered detrimental to your credit file/report.

Date

Your details

Re: Unauthorized Credit Inquiry

Dear XXX,

I recently received a copy of my [Experian] credit report. The credit report showed a credit inquiry by your company that I do not recall authorizing. I understand that you shouldn't be allowed to put an inquiry on my file unless I have authorized it. Please have this inquiry removed from my credit file because it is making it very difficult for me to acquire credit.

I have sent this letter certified mail because I need your prompt response to this issue. Please be so kind as to forward me documentation that you have had the unauthorized inquiry removed. If you find that I am remiss, and you did have my authorization to inquire into my credit report, then please send me proof of this.

Thanking you in advance,

Sincerely,

Your Signature

Your Name

Sample Letter 8 - To Credit Reference Agency if Collection Agency Fails to Validate Your Debt

Assuming you have contacted the collection agency using our debt validation methods, and they have failed to send you adequate proof of your legal obligation to pay a debt, this is the letter you need to write to the credit reference agencies.

Date

Your Details

Credit Reference Agency Details (Name and Address)

RE: Account XXXXX-XXXX-XXXXX

Dear Sir/Madam:

I am writing to dispute the account referenced above. I have disputed this account information as inaccurate with you, and you have come back to me and stated you were able to verify this debt. How is this possible? I have contacted the collection agency myself and have been unable to get them to verify that this is indeed my debt.

I enclose copies of my requests to the collection agency, asking them to validate my debts, and the receipts showing that I sent these letter certified signature request. This debt is not mine and I was given no evidence of my obligation to pay this debt to this collection agency. You are required to verify the validity of the item within 28 days.

In the event that you can not verify the item and you continue to list the disputed item on my credit report I will find it necessary to seek legal advice. While I prefer not to litigate, I will use the courts as needed to enforce my rights.

I look forward to a speedy resolution of this matter.

Sincerely,

Your Signature

Sample Letter 9 – Cease and Desist Letter to Agency

The following is a sample letter requesting a collection agency to cease and desist contact with you for a debt owed. Attach a copy of a recent statement from them showing the account you are referring to. If they continue to harass you, you have legal recourse against them.

Date

Your Name

Your Address

Collection Agency

Collection Agency Address

RE: Account #xxxxx-xxxxxx

Dear Collection Agency,

It is my right to request that you cease contact with me and I am exercising my right to do so with this letter. I request that you immediately CEASE and DESIST all contact with me.

With this notice, you can now only contact me to:

- To advise me that your company's further efforts are being terminated;
- To notify me that your company may invoke specified remedies which are ordinarily invoked by such debt collector or creditor; or
- Where applicable, to notify me that your company intends to invoke a specified remedy.

PLEASE GIVE THIS LETTER THE IMMEDIATE ATTENTION IT DESERVES.

Sincerely,

Your Signature

Your Name

Sample Letter 10 – Letter to a collection agency confirming an offer to settle a debt

The following is a sample letter requesting the reduction of a debt owed and once signed, it is a binding contract for the settlement amount. This letter is sent to a collection agency confirming an offer to settle a debt and the amount the debt was settled for. It is very important this type of settlement is in writing and signed by all parties involved.

AGREEMENT TO COMPROMISE DEBT

[ABC Collections, Inc], referred to as COLLECTION AGENCY and [Your name]. Consumer, referred to as CONSUMER, agree to resolve the matter of the alleged debt, originally held by the [Name of company] Company, hereafter referred to as the CLIENT.

CONSUMER hereby agrees to settle this alleged debt claimed by COLLECTION AGENCY on the following terms and conditions:

The COLLECTION AGENCY certifies that it is legally authorized to act in behalf of its CLIENT and that any agreement that the COLLECTION AGENCY makes on behalf of CLIENT is legally binding on the CLIENT.

The COLLECTION AGENCY and the CONSUMER agree that alleged debt is £_____.00 (amount in words pounds and pence). While the CONSUMER feels that validity of the debt has not been proved by the COLLECTION AGENCY, the parties agree that the COLLECTION AGENCY shall accept the sum of £_____.00 (amount in words pounds and pence) as full payment on the debt. The acceptance of the payment will serve as a complete discharge of all monies due, and the COLLECTION AGENCY agrees to consider the debt paid in full and agrees to not take further action to collect on the alleged debt. The payment shall be made in the form of a cashier's check or money order.

Upon payment of the £_____.00, the COLLECTION AGENCY agrees to remove any listing or information that the COLLECTION AGENCY may have placed on the CONSUMER'S credit report. The COLLECTION AGENCY agrees to never at any time

in the future place any information on the CONSUMER'S credit report. The CONSUMER feels that the negative information on CONSUMER's credit report is damaging and while the exact estimation of the damage is not currently known, the CONSUMER estimates it to be £10,000 (ten thousand Pounds and zero Pence). Should the COLLECTION AGENCY fail to remove the listing or reinsert it at a later date, the COLLECTION AGENCY agrees to award liquidated damages of £10,000 to CONSUMER.

This compromise is expressly conditioned upon the payment being received by (date). If the CONSUMER fails to pay the compromised amount by (date), this contract will be immediately terminated.

The person signing this agreement, _____, hereby declares that he/she is authorized to act as an agent of the COLLECTION AGENCY. This Agreement shall be binding upon and inure to the benefit of the parties, their successors, and assignees.

Dated:

Signature: _____
Legal Representative of [ABC Collections, Inc.]

Signature: _____
Your Name. Consumer

Chapter 11

Removing Bankruptcy

A bankruptcy order will appear on your credit report for a minimum of six years from the date of bankruptcy and longer if the bankruptcy lasts more than six years. In Scotland, bankruptcies are known as **sequestrations** and are usually discharged after three years. However, information about a sequestration stays on a credit report for at least six years as well.

When someone applies for credit, lenders look at information about their financial standing held by credit reference agencies. When someone becomes bankrupt, the bankruptcy is recorded on their credit reference file along with all the other information.

Some credit reference agencies will not know when your bankruptcy was discharged unless you paid the Official Receiver to publicly advertise your discharge from bankruptcy.

Now, if you didn't ask the Official Receiver to advertise your discharge and you want it to be recorded on your credit reference file, you will need to send confirmation of your discharge

For example - Documents from the court (or Official Receiver) to the credit reference agencies and ask them to update your credit reference file.

If you have been discharged and have told the credit reference agencies. The lenders whose debts were included in your bankruptcy should then mark the entry on your credit reference file to show that you no longer owe money on that account.

Once the lender has changed the information on the entry, if you make any new credit applications the prospective lender will be able to see that you do not owe any more money .

You can also ask the credit reference agency to add a statement called a '**notice of correction**' to the default entry. In your statement, you can explain that the entry was included in your bankruptcy which is now discharged.

Also, if your bankruptcy has been annulled but the annulment was not advertised publicly, some of the credit reference agencies will require you to send proof of the annulment.

Once notified agencies will remove all reference to the bankruptcy order.

Wayne's Tip... *It's a good idea to get further copies of your credit files after a month to check they have been updated.*

Chapter 12

Real Life Stories

If you're not sure if you can repair your credit, read these real life success stories below to help get you started. These people dug themselves out and brought up their credit scores in a big way.

Example 1

Name: Beth

Credit score before: 348

Credit score after: 702

Rock bottom: After getting divorced, Beth, an office manager, was shocked to find that her credit score had sunk to an average of 348, with the lowest reported score among the three credit reference agency at just 316. There were 43 collections and a repossessed car on her report -- "Not one thing was positive, except for my student loan," she said. "I started to look for housing for me and my two small children and no one would even look at me."

Turning point: Beth started researching her credit report. For example, she learned that being 120 days late on a payment is basically the same as being repossessed, according to a credit . "The average layperson doesn't know these kinds of things," she said.

Her motivation: "The motivation was I needed a place to live," she said. "I was 44 years old at the time, and I had to start all over anyway." When Beth's credit score reached 648, she applied for a mortgage and bought her dream house.

Lessons learned: Beth approached building her credit like a part-time job. "Every day I would promise myself I would do something like write a goodwill letter," she said. Beth wrote a lot of letters and made phone calls to lenders after paying her debts, asking them to remove blemishes from her report. She was persistent in her efforts and was successful in getting at least 15 collections removed.

Her best advice: "Patience is one thing you must have," she said. "There's no magic pill, no magic wand. You have to sit down, make those phone calls and pay your bills."

Example 2

Name: Jake

Credit score before: Less than 500

Credit score after: 785

Rock bottom: "I got out of graduate school in 1998. By 1999 and 2000, paying bills on time wasn't that important to me, so they'd pile up," said Jake. "And I'd be 30 days late or 60, sometimes 90. A couple of those piled up. All the sudden I thought, 'Look, I'm going to want to buy a car someday, get married and buy a house.' I couldn't do those kinds of things with the score I had."

Turning point: "One of the first things I did was start paying everything on time," said Jake. "I set up an auto bill pay so I'd never be late again. The easiest thing to do is start paying your bills on time. The late payments came off eventually. Then I'd pay extra on my bills -- more than the minimum -- so my debt ratio would go down. I got rid of all my store cards and kept all my major credit cards."

His motivation: "I just buckled down and wanted to get my score turned around," he said. "At some point, I'd be married and looking at a house, and I could just see that played out someday, sitting down with a mortgage broker looking at my credit and the broker saying, 'Yeah, you can't have a house.' I probably looked at my score every four months, and I'd see it go up. It's like when you're dieting and you see yourself losing a bit of weight."

Lessons learned: Jake's major focus was on making payments on time. "If you find yourself in trouble and you've got a low score, you can't spend your way out of it," he said.

His best advice: "No. 1, as simple as it sounds, is just pay on time. Pay a little bit extra every month to get that balance down. And don't get any more cards. Do whatever you've got to do to pay them off and keep your balances down."

Example 3

Name: Kay

Before: 422

After: 512

Rock bottom: Kay knows she's got a long way to go before her credit score can be called excellent, but she also sees that she's come a long way from when things were their darkest. "When I first went to college, everyone was offering me credit cards," said Kay. "A few years later, I was getting behind on bills and not being able to afford certain things and taking out loans. I went to get a vehicle in 2008 and realized my credit score was way low."

Turning point: Kay started following the advice. She had a lot of cards with small amounts of debt and began paying those off, slowly working on lowering her debt.

Her motivation: Kay was motivated by her need to get reliable transportation so she could work at her two jobs. "I went for six months without a vehicle," she said. "It was actually quite difficult."

Lessons learned: "I applied some of the basic principles of paying off creditors where I had a small balance, then began to work out payment arrangements with other creditors," she said. "I also invested in a secured credit card that reported to all three credit reference agencies and made sure to pay them on time and off each month."

And though she's managed to lift her score nearly 100 points; she knows that her work isn't nearly done. "Each day, I am still working toward repairing and rebuilding my credit as well as becoming financially sound," she said.

Her best advice: "I would honestly have to say first and foremost to have faith that you can do it," she said. "The end results are worth it".

It can be done, you too can repair your credit and then get a great **Credit Score**. There are also other ways you can improve your score, so let's take a look in the final chapter.

Chapter 13

Other Ways to Improve Your Score

Here are some other ways you can improve your credit score:

1. **Check credit reports regularly.** At least once per year or three months in advance of applying for a loan or credit, check your reports. Dispute any incorrect entries.
2. **Pay on time.** It seems simple, but paying on time is the highest weighted component of your credit score, accounting for 35 percent of the score. Set up automatic bill pay in an amount that will at least pay your minimum [payment] by the due date
3. **Don't max out your credit.** Aim to use no more than 30 percent of your available credit to avoid costly fees and being put into a risk category. It's also a good idea to pay down your cards. As your cards are paid down, it is likely that you will see an improvement in your credit score, as the computation takes into account your ability to repay your debt more easily
4. **Be careful about closing unused accounts.** Have a few credit cards paid off that you don't want to use anymore? You might be better off keeping them open. Closing unused accounts will lower your overall available credit and negatively impact your credit utilization ratio unless you increase your available credit limit on your remaining cards.
5. **Resist paying for everything on credit.** Using cash more often will make you a better manager of the money you have each month after paying necessary bills
6. **Resist multiple hard credit inquiries.** These occur when consumers apply for a credit card or loan (revolving or otherwise), which can hurt scores, especially if done in great numbers. Individuals who are "rate shopping" for a mortgage, car loan, or student loan over a short period (two weeks or 45 days) will likely not experience a meaningful decrease in their scores as a result of these types of inquiries

7. **Soft inquiries do not harm your score.** While all credit inquiries are recorded and displayed on personal credit reports credit inquiries that were made by the consumer (such as pulling a credit report for personal use), by an employer (for employee verification), or by companies initiating pre-screened offers of credit or insurance do not have any impact on a credit score: these are called "soft inquiries" or "soft pulls", and do not appear on a credit report used by lenders, only on personal reports. Soft inquiries are not considered by credit scoring systems.
8. **Getting a higher credit limit can help your credit score.** The higher the credit limit on the credit card, the lower the utilization ratio average for all of your credit card accounts. The utilization ratio is the amount owed divided by the amount extended by the creditor and the lower it is the better your Credit rating, in general.

So if you have one credit card with a used balance of £500 and a limit of £1,000 as well as another with a used balance of £700 and £2,000 limit; the average ratio is 40 percent (£1,200 total used divided by £3,000 total limits). If the first credit card company raises the limit to £2,000; the ratio lowers to 30 percent; which could boost the credit rating.



One last thing...

If you're using your credit responsibly and following the guidelines contained in this guide, all that's left to do is be patient. Building an excellent credit score takes time. In the meantime, enjoy watching your score creep up from nothing to the 700 - 800s.

I wish you good luck in building your excellent credit score and securing your financial future.

Best wishes

Wayne Holman

Disclaimer: The purpose of this guide is to help and assist you only. Although we strive ensure that all information contained in this guide is accurate at time of publishing we cannot make guarantees regarding the accuracy of the content. Every individual's circumstance is different; as such this guide is intended for reference and guidance only. Opinions expressed here are the author's alone and have not been reviewed, approved, or otherwise endorsed by the any credit card issuer, bank or any other lender or financial institution. Gocreditreport.co.uk cannot be held responsible for the outcomes of individual cases.

Useful Contact Information

The Credit Reference Agencies

Equifax

Online - http://www.equifax.co.uk/Contact-us/Contact_Us_Personal_Solutions.html

Equifax Ltd
Customer Service Centre
PO Box 10036
Leicester
LE3 4FS

Customer Service Helpdesk **0845 603 3000**.

Experian

Online - <http://experian.co.uk/contact-us/index.html>

The Sir John Peace Building
Experian Way
NG2 Business Park
Nottingham
NG80 1ZZ
United Kingdom

Call - **0344 481 0800** to ask about your credit report.

For other inquiries call **+44 (0) 115 941 0888**.

Call Credit

Online - <http://www.callcredit.co.uk/contact-us>

One Park Lane, Leeds, West Yorkshire, LS3 1EP

Consumer Enquiries - **0330 024 7574**

Useful Contact Information

Consumer Protection

Information Commissioner's Office (ICO)

Web - <https://ico.org.uk/>

Head office - Information Commissioner's Office, Wycliffe House
Water Lane, Wilmslow, Cheshire SK9 5AF

Tel: 0303 123 1113 (local rate) or 01625 545 745 (national rate)

Fax: 01625 524 510

Email: casework@ico.org.uk

Financial Conduct Authority (FCA)

Web - <http://www.fca.org.uk/>

Head Office - FCA, 25 The North Colonnade, London E14 5HS

Tel - 0300 500 0597

Financial Ombudsman Service

Web - <http://www.financial-ombudsman.org.uk/>

Head Office - The Financial Ombudsman Service, Exchange Tower, London E14 9SR

Tel - 0800 023 4 567
(Calls to this number are free on mobile phones and landlines)

Email - complaint.info@financial-ombudsman.org.uk

CIFAS (Fraud Prevention)

Web - <https://www.cifas.org.uk/>

HeadOffice - The Compliance Officer, Cifas, 6th floor, Lynton House, 7-12 Tavistock Square, London WC1H 9LT

Contact Form - https://www.cifas.org.uk/contact_us_form

Useful Contact Information

Consumer Advice

Citizens Advice Bureau

Web - <https://www.citizensadvice.org.uk/>

Registered Office - Citizens Advice, 3rd Floor North, 200
Aldersgate, London, EC1A 4HD

Contact – The Citizen's Advice Bureau offer various ways with
which you can contact them. To find the way best one for you
simply click on this link

<https://www.citizensadvice.org.uk/about-us/contact-us/>

National Debtline

Web - <https://www.nationaldebtline.org/>

Telephone - 0808 808 4000

Monday to Friday, 9am to 9pm

Saturday, 9:30am to 1pm

Fax - 0121 410 6230