

Credit Reports & Credit Scores

A **credit report** is an accumulation of information about how you pay your credit bills, how you repay loans, how much credit you have available, what your monthly debts are, and other types of information that can help a potential lender decide whether you are a good credit risk or a bad credit risk.

Businesses such as auto lenders, banks, credit card companies, and insurance agencies use your credit reports from the three credit bureaus to determine if you are a risky customer. The lower the risk, the lower the interest rates you will have to pay. They also use this information to send you pre-approved offers in the mail.

Under federal law, Americans have access to a free credit report from each of the credit bureaus every 12 months. You can access your free credit report online at AnnualCreditReport.com. Accessing your credit report can be a good way to keep track of any loans and debts you may have, and can be a good practice for monitoring your accounts for fraudulent activity. You can access all three free reports at once, or request them separately to monitor your accounts throughout the year. After you use up your three free reports, you can request reports from the bureaus for a fee.

Many, but not all, creditors will report your account information to the credit bureaus. While businesses are legally required to report accurate information, there is no law that says they have to report at all. While nearly every major creditor reports to all three bureaus, smaller lenders and banks may not send your monthly account information to all or any of the credit bureaus.

Along with your credit card and loan account records, your name, address, employer, and recent applications are recorded in your credit files. Public records such as bankruptcies, tax liens, and judgments can also appear on your reports. Information about your income, race, checking accounts, gender, age, religion, or health is *not* included on your credit report. Most information expires from your credit reports after 7-10 years. If there is something inaccurate on your credit reports, you can file a dispute to have it removed from your record.

It's important to keep the information on your credit reports positive and accurate. The data in your credit files is used to calculate your **credit score**. This three digit score is a numerical representation indicating how risky a borrower you are from a lender's perspective. Your credit