

time consuming, but human judgment was prone to mistakes and bias. Credit scores help lenders assess risk more fairly because they are consistent and objective. Consumers also benefit from this method, because your credit score only reflects your likelihood to repay debt *responsibly*, based on your past credit history and current credit status.

Who uses credit scores and how are they used?

Banks, credit card companies, auto dealers, retail stores and most other lenders that issue credit or loans use credit scores to quickly summarize a consumer's credit history, saving the need to manually review an applicant's credit report and provide a better, faster risk decision.

Although many additional factors are used in determining risk, such as an applicant's income vs. the size of the loan, a credit score is a leading indicator of an individual's basic creditworthiness. Some landlords ask for credit scores during the rental application process, so building and maintaining good credit can be important not only for banking and getting loans but also in finding housing.

What information impacts your credit score?

The information that impacts a credit score varies depending on the score being used. Generally, credit scores are affected by elements in your credit report, such as:

- Number and severity of late payments
- Type, number, and age of accounts
- Total debt
- Recent inquiries

Credit bureau-based scores cannot use demographics prohibited under the Equal Credit Opportunity Act, such as race, color, religion, national origin, gender, age, marital status, receipt of public assistance, or exercise of rights under the Consumer Credit Protection Act. Scores used by individual lenders may use such elements as income, occupation and type of residence in determining their own custom credit score.⁷⁷

⁷⁷ "Credit Score FAQs." *Experian*. <https://www.experian.com/blogs/ask-experian/credit-education/faqs/credit-score-faqs/>