

How do I Eliminate Bad Debt & Raise My 450 Credit Score?

By: Dreneen Brown

Updated July 27, 2017

Pocket Sense

Improving your credit score saves you money. The credit score is what lenders use to establish your credit worthiness. Called a Fico score, the number range is from 300 to 850. The range has categories that rate you as having poor, bad, fair, average, good and excellent credit. According to this scoring method, a 450 would be considered a bad credit rating. If you have not viewed your credit report lately, it may include errors or items that should no longer be reported. Correcting and updating your credit report can boost your Fico score.

Get copies of all three of your credit reports. The credit bureau companies are Equifax, 800-685-1111; Experian, 888-397-3742; and TransUnion, 800-888-4213. You can obtain one free credit report from each credit bureau every 12 months. You will need all three because each report may have a different score. Pulling all three reports will give you a picture of your credit and an idea of the steps you will need to take to improve it. The only online site the Federal Trade Commission authorizes for free credit reports is annual credit report.

Highlight everything on your credit reports that is more than seven years old. According to the Federal Trade Commission, credit reporting bureaus can report negative items for only seven years and a bankruptcy filing for only 10 years. Reporting starts from the day the event took place. You can immediately remove these items from your report. Taking the time to remove old items will quickly raise your credit score.

Write a dispute letter to each of the credit bureaus about any inaccuracies you find. Send copies of supporting documentation such as proof of payment, canceled checks or discharge papers. You will have to prove that the debt should be removed. Enclosing a copy of your credit report with the highlighted issues will help the credit bureau understand what you are disputing. Credit reporting agencies will then investigate your claims within 30 days. They will send the reports to all the organizations that provided the information to the credit bureaus. If the organizations do not respond, the item will be removed from your report. If the organizations find you to be correct, they must remove the item from all three credit bureaus.

Pay your current debts on time. Starting now you can drive your score up by paying your debt on time. Catching up on your bills and paying them on time, will improve your credit score over time. The longer your history of on-time payments, the more your credit score will improve. If you cannot stick to a budget, you should talk to a nonprofit credit counseling service for assistance. Credit counseling will provide you with a budget and can negotiate with your

creditors for lower rates and fees. Using a credit counselor does not show up in your credit report negatively.

Keep your credit card and revolving credit at less than 50 percent of the balance. Going beyond 50 percent or maxing out your credit, gives the impression that you do not have control over your money. Paying off your balances monthly will raise your score. Missed payments can lower your score by as much as 100 points. Avoid any new purchases. New purchases will be viewed as risky behavior. Every time you apply for credit, the lender places an inquiry on your credit report. Too many of these inquiries will lower your credit score.

Tips

- Call the three credit scoring bureaus for your free credit report if you have recently been turned down for credit.

Source: <https://pocketsense.com/77485-remove-negative-credit-older-years.html>