

## Credit Reports



Your credit reports can easily wreck your financial life. Businesses use those records of your credit history, maintained by the big three credit reporting bureaus – Equifax, Experian and TransUnion, to decide what you will pay for loans, insurance, and credit card rates. Often times the reports can be riddled with errors and evidence of identity fraud, which can jack up your rates or worse.

Here are four things you should know so that you can make sure you are paying the least amount for loans and credit, and helping to avoid ID theft.

You can get free reports – Under federal law, you are entitled to one free credit report (though not your scores) each year from each bureau, which you should read carefully to spot errors or fraud through [www.annualcreditreport.com](http://www.annualcreditreport.com). You can also request a free report if you have been turned down for credit or you received notice that you did not get the best interest rate or insurance premium because of your credit score.

You can improve your credit scores – Bring any past-due accounts up-to-date and pay on time. Use only a portion of your credit lines. Do not close an old credit card account, especially if you have a large credit line and a low balance. If you have only one or two late payments on an otherwise perfect account, ask the lender for a goodwill correction. Do not be impulsive and jump at every store card sign-up deal.

You can use fraud alerts – If you are a victim of ID fraud or reasonably believe you are about to become one, you are entitled to place fraud alerts on your credit reports. They require potential creditors to verify your identity before extending credit. You can also get a free copy of your report and block fraudulent information from appearing in it.

You can minimize ID theft damage – If you find fraudulent information on your report, contact the creditor to report it and close the account, file a police report, and tell the credit bureaus and creditors to block access to it. Make it hard for crooks to open new accounts in your name by placing a security freeze on all three credit reports, which will prevent lenders you do not already do business with from gaining access to them.