HOW TO CLEAN UP YOUR CREDIT REPORT...

by CPT Joshua Zell

It could happen to anyone. You are just moments away from owning the one thing you have always wanted, when suddenly the loan officer's smile becomes a blank stare. You've been denied because of a low credit score. But you always pay your bills on time, so how could this happen?

Errors on your credit report can cause serious headaches, so here are some tips on avoiding situations like this one. First, check all three of your credit reports at least once a year. The three major consumer reporting companies are Equifax (800-525-6285, www.equifax.com), Experian (888-397-3742, www.experian.com), and Trans Union (800-680-7289, www.tuc.com).

You can get a free credit report each year from each of the three national credit reporting companies under federal law by going to www.annualcreditreport.com. You can request one report from each company once each year, or you can request a report from only one reporting company every few months. That way you can check the status of your reports throughout a year without cost. If you want more than one copy of your report in a year, you may have to pay a fee.

Second, if you find an error on one of your credit reports, notify the consumer reporting company in writing that you are disputing the information you think is inaccurate. If your dispute is not frivolous, the Fair Credit Reporting Act requires the consumer reporting company to investigate the dispute. The investigation is usually completed within 30 days. After the investigation is completed, the consumer reporting company must give you the written results and a free copy of your report if the dispute changed it. The consumer reporting company must also send you a written notice including the name, address, and phone number of the information provider (the alleged creditor who put the disputed information on your report).

Third, you can notify the information provider directly (again in writing) that you think they have made an error, and request an investigation. If the provider continues to report the information to a consumer reporting company during the investigation, it must include a notice of your dispute. If the information is found to be inaccurate, the information provider may not report it again.

Finally, if the investigation does not resolve the dispute, you can ask that a permanent statement of the dispute be included in your file, in future reports, and that the information provider provide a copy of it to anyone who received a copy of your report in the recent past. The information provider must also give notice of your dispute every time it reports that item to a consumer reporting company.

In some cases, the incorrect information on your credit report may not simply be a mistake; it may be the result of identity theft. If you suspect that you have been a victim of identity theft, there are some additional steps you should take immediately. First, report the crime to military or civilian police and request a copy of the police report. Alert all appropriate creditors and financial institutions through which the accounts were fraudulently accessed or opened, and close these accounts. Also alert the fraud departments of Equifax, Experian, and Trans Union, and have a "fraud alert" placed on your file so that new credit will not be granted without your approval. Finally, call the Federal Trade Commission's toll-free Identity Theft Hotline at 877-IDTHEFT (877-438-4338), or visit its website at: www.consumer.gov/idtheft.