

Consumer Alert

Federal Trade Commission ■ Bureau of Consumer Protection ■ Office of Consumer and Business Education

Credit Repair: Help Yourself First

“Credit Problems? NO problem ...”

“We can erase your bad credit—100% guaranteed.”

“We can remove bankruptcies, judgments, liens, and bad loans from your credit file, FOREVER!”

“Create a new credit identity—legally.”

Do yourself a favor and save some money, too. Don't believe these statements. Newspapers, radio, TV, and the Internet are filled with ads that offer—for a fee—to erase accurate negative information in your credit file so you can get a credit card, auto loan, home mortgage, or even a job. The scam artists who run these ads can't deliver. Only time, a deliberate effort, and a personal debt repayment plan will improve your credit.

The companies that advertise credit repair services appeal to consumers with poor credit histories. Not only *can't* they provide you with a clean credit record, they may be encouraging you to violate federal law. If they ask you to make false statements on a loan or credit application, misrepresent your Social Security number, or advise you to get an Employer Identification Number from the Internal Revenue Service under false pretenses, you will be committing fraud.

The truth is you can help yourself to re-build a better credit record. Start by contacting your creditors when you realize that you are unable to make payments. If you need help working out a payment plan and a budget, contact your local credit counseling service. There are non-profit groups in every state that offer credit guidance to consumers. These services are available at little or no cost. Also, check with your employer, credit union, or housing authority for no-cost credit counseling programs.

In addition, you have specific rights under the Fair Credit Reporting Act:

- You are entitled to a free copy of your credit report if you've been denied credit, insurance or employment and request the report within 60 days of notice, or if you can prove that (1) you're unemployed and plan to look for a job within 60 days, (2) you're on welfare, or (3) your report is inaccurate because of fraud.
- If your application for credit, insurance, or employment is denied because of inaccurate or incomplete credit information, the company to which you applied must give you the name and address of the reporting credit bureau.
- There is no charge to dispute mistakes or outdated information on your credit record. Ask the credit bureau for a dispute form and submit it with any supporting documentation.

Other facts you should know:

- Bankruptcy information can be reported for 10 years.
- Information about a lawsuit or judgment against you can be reported for seven years or until the statute of limitations runs out, whichever is longer.
- Information reported because of an application for a job with a salary of more than \$75,000 has no time limit.
- Information reported because of an application for more than \$150,000 worth of credit or life insurance has no time limit.

If you've had a problem with a credit repair company, contact your local consumer affairs office or state attorney general (AG). Many AG offices have toll-free consumer hotlines. Check your local directory assistance. You also may contact the Consumer Response Center, Federal Trade Commission, Washington, DC 20580; 202-326-2222; TDD, 202-326-2502, or visit the FTC at www.ftc.gov.