

# MANAGING YOUR MONEY



## How To Avoid Becoming A Victim Of Credit Repair Scams; Consumers Can Improve Their Own Credit Profiles

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(NAPSA)—Many consumers have received mailings or seen messages in their e-mail inbox proclaiming, “Repair your credit and get approved...” Certainly the number of so-called “credit-repair companies” or “clinics” has grown



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rapidly. These companies are targeting unsuspecting consumers by promising to clean up negative, but truthful, information on a credit report to obtain a home mortgage, auto loan or credit card—and they charge hefty fees for these services.

What many desperate credit seekers don't realize is that these organizations often cannot perform the services they advertise—and in some cases are conducting illegal activities.

TransUnion, a leading consumer credit reporting company, is working to help consumers avoid these scams, which are not worth the associated risk and potential long-term headaches. Instead, credit seekers are advised to obtain a copy of their credit report on their own so that they can improve their credit independently for little or no charge. With a credit report in-hand, consumers can easily correct any errors at no cost to them beyond the stamp to mail the documents.

While negative information that is accurate must legally remain on a consumer's credit

report for a specific length of time, consumers can legally improve creditworthiness by:

- Remembering to pay all bills on time. Delayed or delinquent payments lead to late fees, more interest charges and overall reduced credit health.

- Applying for a department store card or gasoline credit card, which are often easier to qualify for—and then paying those bills on time to help re-establish good credit.

- Maintaining a small number of credit cards. Creditors look at your potential for going on a spending spree and falling too deeply into debt.

- Keeping your debts at a reasonable level. Financial experts say that, as a rule of thumb, non-mortgage debt payments should not exceed 10 to 15 percent of your take-home pay each month.

- Avoiding unnecessary inquiries on your credit profile. Any time you authorize a creditor or other business to check your credit report, an inquiry is added to your report. If you have a large number of inquiries in a short amount of time, this could look bad to creditors.

In the absence of these six behaviors, nothing else—not even so-called “credit repair companies”—can make you appear more creditworthy. In many cases, time is the only thing that will heal a record of past credit problems. But the sooner consumers get started on the path to a healthy credit profile, the better.