
TOO GOOD TO BE TRUE....

A Column on Consumer Issues by Attorney General Wayne Stenehjem's Consumer Protection and Antitrust Division

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CREDIT REPAIR SCAMS

During these tough economic times, there is a tremendous emphasis on credit scores and the accuracy of your credit report. There are advertisements everywhere offering credit repair services to those who do not have a good credit score or credit history. They make such claims as:

- "Credit problems? No problem!"
- "We can erase your bad credit – 100% guaranteed."
- "Create a new credit identity – legally."
- "We can remove bankruptcies, judgments, liens, and bad loans from your credit file forever."

Don't get caught in one of these scams. Don't believe these statements. These "credit repair" companies appeal to consumers with poor credit histories. They promise, for a fee, to clean up your credit report so you can improve your credit score and history. Unfortunately, these "credit repair" companies can't deliver what they promise. Oftentimes, once you have paid them the upfront fees to begin the process of repairing your credit, they simply vanish with your money.

Here are some things to remember if you find yourself in a position where you may need to improve your credit history.

- **No one can erase negative information if it's accurate.** Only incorrect information can be removed. Accurate information stays on your record for 7 years from the time it's reported (10 years for bankruptcy). Even information about bills you fell behind on but now are paid will remain on your report for these time periods.
- **Credit repair services can't ask for payment until they've kept their promises.** Federal law also requires credit repair services to give you a explanation of your legal rights (a one page document should be provided to you), a detailed written contract, and three days to cancel.
- **Be cautious about emails for credit services.** Many unsolicited emails are fraudulent. Check the companies out very carefully before responding. You might be better off contacting a local organization for assistance.
- **You can correct mistakes on your credit report yourself.** If you were recently denied credit because of information in your credit report, you have the right to request a free copy. Follow the instructions provided by the credit bureau. The major credit bureaus are: Equifax, 800-685-1111, www.equifax.com

Experian, 972-390-4179, www.experian.com; and TransUnion, 888-909-8872, www.transunion.com. Contact all three, as the information each has may vary. It doesn't cost anything to question or dispute items in your report.

Whether or not you have a mistake on your credit report, remember, by law, you are entitled to one free credit report from each credit reporting agency per year. This report can be obtained by calling 877-322-8228 or via the internet at www.annualcreditreport.com. Be careful, there are many websites out there offering 'free' credit reports, but they are not actually free. The address listed is the actual free credit report site.

- **You can add an explanation to your report.** If there is a good reason why you weren't able to pay bills on time (job loss, sudden illness, etc.) or you refused to pay for something because of a legitimate dispute, send the credit bureau a short statement to include in your file.
- **Know that you can't create a second credit file.** Fraudulent companies sometimes offer to provide consumers with different tax identification or social security numbers in order to create a new credit file. This practice, called "file segregation," is illegal, and it doesn't work.
- **If you have credit problems, get counseling.** Your local Consumer Credit Counseling Service (CCCS) can provide advice about how to build a good credit record. The CCCS may also be able to make payment plans with your creditors if you've fallen behind. These services are offered for free or at a very low cost.

If you have declared bankruptcy, the information will remain on your credit report for ten years; however, that doesn't prevent you from starting to build a positive credit history as soon as your bankruptcy is resolved. While creditors will be cautious at first, you can gradually demonstrate your credit worthiness and build a history that can lead lenders to view you as a good credit risk long before the bankruptcy drops from your credit history.

Don't become a victim of credit repair scams. Know your rights, ask questions, do research on the credit repair company, and do not pay in advance for services. If you follow the simple guidelines listed here, you can have a successful experience while repairing your credit history.

The Attorney General's Consumer Protection Division investigates allegations of fraud in the marketplace. Investigators also mediate individual complaints against businesses. If you have a consumer problem or question, call the Consumer Protection Division at 328-3404, toll-free at 1-800-472-2600, or 1-800-366-6888 (w/TTY). This article and other consumer information is located on our website at www.ag.nd.gov.

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