

## I'm Just a Student, Why is My Credit Rating Important?

### Why is a good credit rating important?

Your credit history is going to be reviewed every time you apply for credit—to make a major purchase, such as a car or house or when you lease an apartment. A poor credit history can cause a business to deny you credit. If you declare bankruptcy, this can be on your credit report for ten years. Information about a judgment or lawsuit against you can be reported for seven years or until the statute of limitations expires, whichever is the longer period.

### Your credit report

Your credit payment history is contained in a file, which is maintained and sold by a consumer-reporting agency (CRA), one type of which is known as a credit bureau. If you ever applied for a credit or charge account, a personal loan, insurance, or a job, then you have a credit record on file at a credit bureau. A credit record typically contains information on your history of paying your credit bills, your income level, and the amount of your debts. It will also indicate whether you have ever been sued, arrested, or filed for bankruptcy. Credit bureaus are usually listed in the yellow pages under “credit reporting agencies.” There are three large national credit bureaus that supply most credit reports, and each of them may have a report on file for you. The three national bureaus are:

Experian (formerly TRW)	Equifax	Trans Union
Updated info is found online at: <a href="http://www.experian.com">www.experian.com</a>	Updated info is found online at: <a href="http://www.equifax.com">www.equifax.com</a>	Updated info is found online at: <a href="http://www.transunion.com">www.transunion.com</a>

### Role for the Federal Trade Commission

The Federal Trade Commission (FTC) enforces the credit laws that govern your right to have and use credit. The law will not grant or guarantee your credit, but they will protect your right to an equal opportunity to receive credit and to resolve disputes over credit errors. The Fair Credit Reporting Act (FCRA) helps to ensure that the CRAs provide complete and correct information on your credit report. Under the FCRA:

1. You have the right to a copy of your credit report, which must contain all the information in your file at the time. (You can be charged a fee to receive this report.)
2. You have the right to know the name of anyone who requested your credit report for employment purposes for the past two years and for most other purposes for the past year.
3. If a company denies your application, they must supply you with the name and address of the CRA they used for your credit report, provided their denial was based on information in the report by the CRA.
4. If your application is denied due to information supplied by the CRA, you have the right to a free copy of your credit report if you make your request within sixty days of receiving the denial notice.
5. You may file a dispute with the CRA and the company that supplied the information to the CRA if you disagree with the completeness or accuracy of information in your credit report. The CRA and the supplier of the information are obligated to investigate your dispute.
6. You can add a summary explanation to your credit report if the dispute is not resolved to your satisfaction.
7. 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 supporting documentation.

### The Equal Credit Opportunity Act (ECOA)

Anyone who decides whether or not to grant credit is governed by this law, including banks, finance companies, department stores, credit card companies, credit unions, and real estate brokers. You can't be denied credit based on your race, sex, marital status, religion, age, national origin, or if you receive public assistance. If credit is denied, you have the right to know why it was denied.

### **The Fair Credit Billing Act (FCBA) and the Electronic Fund Transfer Act (EFTA)**

The FCBA applied to “open end” credit accounts, such as credit cards, department store accounts, and overdraft checking accounts. It doesn’t apply to loans paid on a fixed schedule, such as a car loan, until the entire loan is paid back. The EFTA applies to automatic telling machines, point of sale debit transactions, or other electronic banking transactions. It is important to review your statement regularly since mistakes could impact your credit rating. If you find an error or discrepancy, notify the company immediately and contest the error.

You should contest charges or electronic fund transfers that:

- were not authorized by you.
- are not identified properly or show the wrong amount or date.
- are not calculated correctly.
- don’t reflect payments or credits properly.
- aren’t mailed to your proper address when your correct address was received by the creditor at least 20 days before the end of the billing period.

### **A word about debt collectors**

If you fall behind in your debts, you may be contacted by a debt collector who is in the business of collecting debts owed to others. You have a right to be treated fairly by debt collectors under the Fair Debt Collection Practices Act (FDCPA). This act applies to personal, family, or household debts, including money owed for the purchase of a car, for medical care, or on charge accounts. Under this act, debt collectors can only contact you between 8am and 9pm, may not contact you at work if they know your employer disapproves, cannot harass, oppress, or abuse you, can’t lie to you when collecting a debt, must identify themselves to you on the phone, and must stop contacting you if you ask them to in writing.

### **Tips for resolving credit problems**

- When contacting a company to contest a credit report, credit denial, or a bill, do it in writing and send it so you get a receipt back when it is delivered.
- If you question an amount on a bill, give your name, account number, amount in question, and an explanation why you believe the bill is wrong.
- Keep all original receipts or bills. Send copies only.
- Beware of companies that offer instant repairs to your credit. There is nothing they can do for you that you can’t do for yourself for little or no cost.
- Consider using a nonprofit credit counseling service to help develop a repayment plan.

### **Acknowledgement**

This information was prepared by the Office of the Dean of Student Affairs at Virginia Commonwealth University to assist students with the management of their credit and credit problems. Information contained herein was gleaned from online publications of the Federal Trade Commission found at: [www.ftc.gov/bcp/conline/pubs/credit/crdright.htm](http://www.ftc.gov/bcp/conline/pubs/credit/crdright.htm) and [www.ftc.gov/bcp/conline/pubs/alerts/repralrt.htm](http://www.ftc.gov/bcp/conline/pubs/alerts/repralrt.htm)