



**ASK ABOUT
CREDIT**

An Online Town Hall Event

Thursday, May 6, 2010

Dan Ray, CreditCards.com: Hi and welcome to “Ask About Credit,” our online interactive town hall session about an increasingly important topic: credit scores and credit reporting. I’m Dan Ray, Editor-In-Chief of CreditCards.com, and we’re here in our studios in Austin, Texas. And with me is Rod Griffin. He is the Director of Public Education in Experian, one of the three big credit reporting companies in the United States. Welcome to Austin, Rod.

Rod Griffin, Experian: Thank you Dan, I’m glad to be here.

R: And we’re here for a reason...

G: Absolutely. We hope today to give you some information that will help you better understand credit reports and credit reporting and credit scoring and how you can use your credit history and credit scores as a financial tool to help you get the credit you need.

R: We’ll be answering questions from the audience, the live audience that we see in front of me here for about the next half hour, although, if it’s going strong maybe we can persuade Rod to stay a little bit longer. You can submit questions through this application on the page that you’re on, or via Twitter using the hashtag #AskExperian. But before we do that, let’s get some basics out of the way. Rod, what is a credit report?

G: Sure. A credit report is your credit history. Your credit report includes several types of information: first, your identifying information. We need to know who you are so that we can accurately match your credit history to you. We have credit reports on more than 220 million consumers so your identifying information is important. We also have certain public records related to debt: tax liens, bankruptcies and civil judgments. You’ll see inquiries on your credit report, but the heart of the credit report is really your credit agreements and whether or not you are paying those agreements on time. Lenders use that information to help them make lending decisions. So your credit cards, your car loans, your mortgage loans will all be part of that credit report and most importantly will show whether or not you are making those payments on time.

R: You take all that data and you shake it up and you pour it through an algorithm and out pop three numbers called?

G: Your credit score or credit scores, more accurately. There are actually, many different credit scores. Some say more than a thousand, but your credit score is simply a tool that uses -- that lenders use to help them make lending decisions to determine whether an individual is a good credit risk or a marginal credit risk. It helps them analyze the information, and the credit report is part of their decisionmaking process.

R: Excellent. And with that, on to the questions. Anything goes -- one exception: We will not be able to solve your specific credit card or, excuse me, your credit report issues. There are ways for you to get individual help, but we think there’s -- we see the questions pouring in, and we’ll talk at the end about how to get individual help. And away we go. First question is from Nicole: “How many credit cards and installment loans should a person have to create the best score?”

G: The answer is -- and you’ll hear me say this a lot perhaps today -- it depends on the individual. Actually, there is no perfect number. Personally, I have one personal credit card, and I have a business credit card, so I only carry two. But I know a person who has 100 credit cards and collects them for the pictures. His credit scores are just fine, but his position in life is much different than mine, and what really

is important is that you manage the credit cards that you have well. Make all the payments on time, keep the balances low -- all you really need is one or two, and if you do that, you're gonna have a good credit history and therefore a good credit score.

R: From Nicole: "Do you have to be a victim of ID theft in order to get a victim statement on your credit report?"

G: You don't technically have to be, but you really should be. The victim statement process, or what we call "initial security alert," is really intended for people who have been victims so that they can put an alert on their credit report that tells lenders and it says: I believe I am a victim of identity theft before granting credit, my name takes certain actions. So it's really intended for people who are. It's not a good preventative tool if you're concerned about fraud and really want to check your credit history off. You might consider some of the credit monitoring services that are out there; those are really more ideal for a person that just wants to make sure they are OK. Experian offers them, as do others, so Experian.com is the place to go; my sales pitch for the day.

R: From Antoinette, and I hope you are not asking this on your own behalf Antoinette. "When do foreclosures drop off your credit, or do they?"

G: Sure, eventually they will. The credit histories, the good thing about a credit history is it's not permanent. All the negative information does eventually fall off. For foreclosures, there are seven years from the day the foreclosure's filed, so you're going to see the foreclosure for about seven years.

R: Rich Corn asks: "What are some of the uncommon misconceptions on what does or does not impact your score?"

G: Uncommon misperceptions; there are so many common ones. I think the things that people think do are: employment purposes, insurance purposes, pre-approved credit offers. Those are the things that people think will affect credit scores and don't. And really there aren't any that are coming to mind that are uncommon I suppose. If they popped to mind they would be common so I'm not, I can't think of any off the top of my head.

R: OK, we've seen this question in both the questions that were asked prior to the event and now we see it again here. Why did Experian move away from FICO and go to the Vantage Score? Was it a financial decision? That's from Howard.

G: Well, we didn't move away from FICO. Lenders still get credit scores, credit reports from Experian and FICO uses credit histories from Experian to do the calculation for lenders. Vantage Score is a new player in the game. They've been around a couple of years and, like the auto industry, there are competitors, and Vantage Score's a good competitor. One thing to understand is that the credit bureaus don't use the credit scores. We provide the credit history information that's used to do the calculation, but lenders choose which credit scores they want to use. So they can get a Vantage Score if they want. They can get a FICO score. They can get other custom scores, so there's as I said, there are many different credit scores out there and it's not the credit bureau or Experian credit reporting companies choosing the score. That's just the new player on the market place.

R: Here's an interesting one from Gene Haulsen, I think. "How do I check someone else's credit score?"

G: You cannot. Your credit history is specific to you, and we are very serious about the laws that govern who can access a credit report and who can't. The Federal Fair Credit Reporting Act specifies the permissible purposes for law for who can access a credit report and it does not allow individuals to check other individual's credit reports; so you wouldn't be able to do that. If you wanted to check someone else's report, they would have to get their report and share it with you.

R: But of course that's on the individual level. There are ways for, let's say, Gene's a business owner or she's a landlord or an employer; those are legitimate reasons to pull a credit report, right?

G: Sure, yes, right. And as the federal law specifies what purposes are allowed for getting your credit report. So if you're applying for credit, a lender can access your credit report if they are monitoring their own accounts for activity and for portfolio management purposes they may access your report to make pre-approved credit offers. For tenant screening is another business purpose that would fall under the permissible purposes under Federal Law. So those are all reasons that are allowed, but on an individual basis, you can't just check someone else's report.

R: OK, I see we have gone to a poll here and while you're answering that, let's go on. We had more than 100 questions asked in advance of the event, and we'll answer one of those because, one of those because, the same question kept coming up over and over, John from Pennsylvania, Phil from Virginia, Andrea from Florida, Gail from Texas, and anonymous from Illinois all asked in different ways the same question. "I had messed up credit but now I'm behaving myself; how soon can I expect my credit score to rise?"

G: Again, that depends on the individual. Credit histories or credit reports, and I use those terms interchangeably, but your credit report is very unique to you as an individual. The answer is that it depends on how long you've had credit problems, how severe those problems were. If you've had delinquencies in collection accounts and bankruptcy, it's going to take you longer to rehabilitate your credit report than if you've had just one late payment recently. If you've had just a late payment and everything else is fine; it may be only a month or two or three and you'll be fine. On the other hand, it could be nine months, 10 months, a year or more if you've had bankruptcy or that sort of thing. A bankruptcy stays on your report for over 10 years so it could take some time, over years in fact, to rebuild your credit history.

R: Well this is interesting, we've got the first poll results back and we asked: How often you check your credit report? And 40 percent say that they do so annually, 8 percent say: never. Is there an ideal answer? How often should you check your credit report?

G: I think the 40 percent have it right. You should check your credit report about once a year at least. If you've had no problems, no issues, and no concerns that may be enough. If you're concerned about credit issues, you should probably check it more often. If you are concerned about or rehabilitating your credit over time, you might even consider subscribing to a credit monitoring service that will let you track your progress over time to see how you're doing, see how your scores are developing in order to do that more often. But once a year is usually about right for people.

R: And we have the question from Gail Cunningham. It's the Gail Cunningham we know, she's with the National Foundation for Credit Counseling. Thanks for tuning in Gail! She asks: "Would you please address how to handle applying for credit if one spouse has bad credit and the other one has credit in good, has a good credit rating?" Credit bureau reports are for individuals, not couples, correct?

G: That is true. Hi, Gail. I know Gail as well; we go back a long ways. And the answer is with mortgage lending, the lender is going to look at both credit histories so we advise people to always get your credit report at least several months in advance of making a major credit application or major credit purchases. Especially something like a mortgage; that will let you begin to address any issues you have. Again, it may be necessary that the couple, if one person has a very serious problem with their credit history, one individual may have to qualify independently or it may be that the one individual's credit history is strong enough that together they still will qualify. But you really need to look at taking time to improve that person's credit history. And again, it depends on that individual's situation as to how long it will take rehabilitate that history.

R: A question from Nicole: "How many credit cards and installment loans should a person have to create the best credit score?"

G: And again, the answer is: it doesn't really matter; there is no perfect number. Credit scores don't look at everyone the same way either. When credit scorers look at your credit history, the first thing they do is look at whether or not you have something that we call a thin file, which would mean a very short credit history with fewer accounts or that you have a long history with a lot of accounts. And the things that represent risk for a person with a long credit history are very different than the things that indicate risk for a person with a very short credit history; so you're not going to be compared to someone with a long history. So whether you have one or two accounts, a car loan; that could be just fine for having a good credit score. What you really need to be concerned about, again, is making sure all of your payments were made on time and you keep the balances low on your credit cards. If you do those things; your credit score should be just fine.

R: From Susan, and again I hope you're not asking for yourself: "How soon after judgment is filed against a party to a lawsuit does that judgment appear on your credit report?"

G: Sure, judgment, civil judgments are a type of debt you owe through a court so they will appear on your credit history. There are companies that, and we do collect, judgment, civil judgments from courts. Typically, we say even with accounts, with credit accounts, allowing 45 days to 60 days will give usually enough time for the cycle to process through and that judgment to appear. It could be a little bit longer than that when judgments are a little different.

R: From Kathy: "Why is it that when we ask how you verify a debt that we hadn't disputed you give us a generic response when that was not the purpose of that section in the Fair Credit Reporting Act?" So she's got a question about the process dispute process

G: Sure. And what happens with a dispute process is that the credit reporting company is required to go back to the lender who, then is required by federal law to review their records and respond to us one of three things: that the information report is deleted, or should be deleted; that it's updated according to the dispute of what they find differently; or that would remain the same. We don't have access to the lenders' records and that's why the dispute process operates as it does. The lender has access to the records; we can't go and verify them. So all I can tell you is this is what the lender told us and that's really the only option we have.

R: Bob Newbower asks: "Why are there accounts listed on my report that I have not used for over ten years?"

G: If you haven't used them for over 10 years and have a zero balance and no late payments, they're

probably going to be coming off very quickly. I'm not sure why they would be there after 10 years because a closed account, if they're open and active and remaining open, open accounts with positive credit remain indefinitely, so that could be the answer. If they're open, active and never had any problems, they'll stay there until they're closed. Once closed, they'll be deleted 10 years from the close date; if they have no negative information associated with them. So we do that by keeping the positive information; it will outlast any of the negative information. Helps you rebuild a credit history if you've had difficulty.

R: Let me ask a follow-up on Bob's behalf, on your credit report it also says your total length of credit. How long, so in some sense, these old reports stay reflective if you don't see the specific report, right?

G: Well, no actually. They will show for, again, for positive accounts. No negative information, open accounts, they'll remain indefinitely. So I've seen credit reports with an account that is 30 years old. On the other hand, if you have negative information; goes to charge off collection, that sort of thing- that information is deleted seven years from what's called the original delinquency date. So if you have negative information associated with an account and that account's closed or been charged off and sold to the collection, it should come off seven years from the date it first became delinquent. So you shouldn't see anything but positive, open accounts for that length of time.

R: OK, very good. So now Cheryl has a question, kind of a follow-up question. She asks what you just answered: "How long does a charge off or a collection stay on a credit report?" She also asks: "What if, what happens to the collection agency's later attempts to collect the debt and it shows back up on the credit report?"

G: That's an excellent question. Let me clarify first how long information stays because that's an often misunderstood issue. And the answer is that late payment and any charge off in collection account will be deleted seven years from what's called the original delinquency date of the original account. The original delinquency date is simply when that account first became negative, first became late, and after which it was never corrected, so it was late this month and continually late until it was charged off and sent to collection. The FACT Act, the same law that allowed for the free annual credit report, also requires collection agencies to report that original delinquency date to us, from the original account. It's very important because it helps us make sure that we delete that collection account at the right time as well, and track that. So if in the future that collection agency tries to report that account and the original delinquency date shows up and we match it to that account; it should not appear on your credit report.

R: Susan asks a common question, "What's the fastest way to increase your credit score?"

G: Sure. And there is no quick fix. If you've had problems in the past, it's going to take time to rehabilitate your credit. So the answer is: the fastest way is to bring your accounts current, if they've been late. Catch up on any of the late payments and continue to make on-time payments, all the time, and eventually that score will get better. Now, depending on her score, it may take less time or more time. If you've had a fairly solid score that's come down and you've had issues and you do that -- it may come up more quickly than if you've had some real strong issues and have had a very poor credit history and poor credit score as a result, it's going to take longer.

R: And we were just talking during lunch on how the average credit score has dropped a few points since the recession and Patty asks a related question, "Why don't the credit reporting agencies take into account that one's limit-to-balance ratio changes only because all the banks decided to lower everyone's limit?"

G: That does have some effect, and it's really, again, it's not the credit reporting companies' issue. That's the scoring developers and modelers that develop their models and lenders who can decide what they're cutoff points are and, you know, what scores they will accept. So when they look at the scores and we've seen accounts close; it's called the utilization rate. And the utilization rate on your credit report is simply how much of your credit card balance is used as compared to your total limits. So divide your total balances by total limits and you get a utilization rate or balance-to-limit ratio. That's important because if you're maxing out your credit cards it's a strong sign of credit risk and it's one of the top two things that affect your credit report; the other being your payment history. When you see that utilization rate drop as a result of your, excuse me, your limits being decreased. It can have some affect on credit scores, if you're in fairly good shape it probably won't be too much. I've actually had that happen. I've had a lender reduce my credit limits and it didn't have much effect on my credit scores, so I was comfortable with that. So you need to look at where you are as well, but, in time if that happens: one, the lenders are seeing that and can recognize that individually; and two, your scores will typically rebound pretty quickly if it becomes clear that it is not the result of mismanagement, but rather a change in the account itself.

R: All right, from Jerry in Georgia, one of the questions asked before the event was opened, was: "Is it a good idea to close a credit card after you've paid it off or better to leave it open and how does that affect your score either way?"

G: That is one of the most common questions we hear today. And again, it goes back to that utilization rate. If you look at your total balances as compared to your total limits, you can get a utilization rate or balance-to-limit ratio. When you close an account, what happens is you lose that available credit. You have an account, credit card account, with a zero balance and a \$10,000 balance. You close that account, you lose that \$10,000 limit so it makes your utilization rate jump back up and makes it look like there's suddenly this sign of risk. If you're chasing credit scores and chasing that number, the advice is to leave the account open. So that would be the standard advice but I also encourage you to think about other things rather than chasing that number because chasing that number isn't always helpful. So you need to look at your total financial picture as well, so the things that I always encourage, personally encourage to people, to consider is: if you have great credit scores and you're not thinking about applying for credit in the near future and you don't want that account -- maybe you should close it anyway. You might see a small decline in your credit scores, but probably not enough to affect your ability to get credit. On the other hand, if you have really bad credit scores; you're having trouble managing the debts and you have an account with a zero balance you are tempted to use. You might wanna close it too, not because you're worried about your credit score- but you don't need the temptation to take on additional debt when you're already having problems. So consider your personal situation as well and not just the number and don't get too focused or paralyzed by the number and consider your overall financial picture as well.

R: OK, very good. Jerry asks, and it's similar to another question that was asked before, the pre-event: "Why does my FICO score drop every time I try to resolve errors?"

G: Hmm... I don't know. That's a good question for FICO. If you're disputing information, that doesn't appear on your credit report and will have no affect on credit scores. So I'm not sure exactly where that question is going or again there may be some more information we need to really answer that question. Disputing information shouldn't affect your credit scores at all.

R: And it's interesting, we've got another poll result back: Have you ever been turned down for a loan because of bad credit? 29% of our audience says "yes" and 71% say "no." You know if that's about, average with the population?

G: I think that's pretty accurate. Most people in our system all have good credit; the vast majority have no late payments, no problems with their credit history. So I would suspect that that's probably pretty accurate.

R: Holly asks: "Where is the best place to get my credit score and why do I have to pay for it?"

G: I work for Experian so I'm going to say you need to go to experian.com to get your credit score. We do offer the Vantage Scores, as well as, the plus score if you subscribe to our credit monitoring services. And Vantage Score is a competitor to others out there; you can get them from any other places as well. I do recommend you get your score, whether it's from Experian or from some other source, because the score you get online is a great educational tool that will help you understand where you stand generally in terms of credit risk. And you'll get a report, especially if you get an Experian credit score, you get a report that will explain exactly what that credit score means and what in your credit history is most affecting your credit score positively, as well as, negatively. And you can use that information with what we call "risk factors" to tie back your credit history and begin to plan how you can improve your overall credit worthiness. That's important because while the numbers can be vastly different depending on the scoring system, the risk factors tend to be very consistent. So if you get a credit score and those risk factors and you address those factors; all of your credit scores will improve. And that's what you really need to know, that the number is nice but it's really the credit report that's driving that number; so you need to focus on that credit report, that credit history to become more credit worthy.

R: Sylvia wonders, "What impact, if any, would a debt management program through a legitimate consumer credit counseling agency have on a credit score? For example, a credit score of 650 might be x or a score of 750 might go to y?"

G: Sure. Simply working with a credit counseling service, a good quality credit counseling service, we mentioned Gail's organization earlier, won't have any effect on credit scores at all. Your report might show the debts being repaid through a credit counseling service but that doesn't affect credit scores. What might happen is if you enter into what is called a debt management plan where settlement amounts are negotiated, the account could then be reported as settled and at that point your credit scores could be affected and you need to work with the credit counseling service and your lenders to determine how the account payments will be reported. And that "status," what we call status: settled, settled for less than agreed is really what would affect your credit score because you didn't repay the debt in full as originally agreed. That's what you have to be concerned; so going to credit counseling can be a great thing to do because it will help you learn how to manage your credit better. Debt management can probably ask some good questions.

R: And I know this way outside your wheelhouse, but do you have a feeling of how negotiable that is, how negotiable it is between an individual and a bank?

G: I don't, and the credit counseling services can give you a better idea there. And it would depend on the lender.

R: Oh, OK, very good. Judy asks, "How long does an IRS tax lien stay on file?"

G: Some good news and some bad news there. Tax liens now, unpaid tax liens remain 10 years. That's the good news. The bad news was it used to say for 15 years, so it's a little less time. But if it's unpaid, it will stay for 10 years on your credit report. A paid tax lien stays for seven years and that's, remains 10 years from filing date and seven years from the paid date.

R: Nicole from Vermont asked: “I have a couple of public records on my report that were from an ex husband that was purchasing fuel in my name. I have a court signed document that states I’m to be removed and a letter from the fuel company requesting the court to remove me. How do I get this done?”

G: Sure, divorce is so so difficult. I think the majority of questions we get from people with problems stem often from divorce. And the challenge is that if we have joint accounts, the divorce decree does not separate your responsibility. Under the contract, you’ll need to go back to the lender to have that done. So the divorce, very simply, is an agreement between you and the court so that could be the first issue if you have joint accounts with your ex-spouse. You need to go back to lender and have them agree to change the contract responsibility. I’m not sure exactly what’s happening in this particular situation in terms of what’s being reported so it’s really hard for me to comment on that specifically.

R: Patty asks a follow up to an answer earlier that is part of the reporting problem: “In a dispute, it is a given that the bank is reporting accurately; who checks their record keeping?”

G: Well they have the responsibility under federal law to report accurately to us and most often they are, and we’re confident of that. If they didn’t report accurate information, it would undermine the whole purpose of the credit reporting industry: lenders rely on us and you rely on us to gather accurate information to help lender’s make accurate decisions and risk-safe decisions and to grant you credit. So I think the vast majority are, but the responsibility again is with the lender to make sure that their information is accurate. We do have very specific contractual requirements, we do audit the lenders periodically to ensure that the information they reported is in compliance of Federal Law and we find that they are not, we will no longer allow them to report to us.

R: Jill wants to know: “What’s the equation, the weight of the determining factors in determining your credit score for both FICO and Vantage?”

G: Those would be proprietary to VantageScore and to FICO. The credit score developers, again the formulas, the algorithms are proprietary to the developers. So to Vantage Score, and to FICO, and to others, however it’s not quite that simple. It’s not quite like 2 plus 2, you know, people have this image that an inquiry is always worth five points and a late payment is always worth ten and that’s not really how a credit scoring works. Credit scoring looks at your entire credit history and how everything relates to everything else. So if you have no late payments and low balances, and have a great credit history and have for years, and you apply for new credit and there may be an inquiry that may have zero impact on your credit score, just a couple of points. On the other hand, if you have charge offs and collection accounts, and other late payments and now you’re applying for new credit- there’s an inquiry and that represents potential debt. That’s why an inquiry is important in terms of risk; it could be a few more points, so there’s no two plus two, no set amount, it really is specific to the individual and how your entire credit history looks. And how everything relates to everything else so it’s really impossible to say this five or is this 10 and if you hear someone say, “If you do this, your score will change by this much for everybody,” they probably don’t really fully understand how credit scoring works.

R: Our audience has answered the question, “What do you think impacts your credit scores the most?” And 92% of you say is whether I pay my bills on time, is that about right?

G: That’s absolutely true. That’s absolutely true.

R: OK, Scott wants to know: “Consumers have a difficult time finding contact information for creditors on their credit report, often times it’s due to the name of the creditor being listed differently in the

contact information than on the credit report listed item. Is there anything that can be done to help consumers with this?"

G: Sure, well, one of the things, and you're right -- one of the things that we see often that I have seen most often with department store credit cards, for example, is that the name of the store is not the same as the credit card or the parent company. So the credit card will be issued under the parent company and so you may not recognize it. That's the first thing to look for, but in terms of contact information, we try and if we have customer service numbers provided to us we will include that on your credit report. We don't always have that but we try to include that. The best thing you could do is contact your lender if you have a credit card or the bank statement, the account statement, should include contact information for the lender. Call that lender and ask them for that information; they should be able to get them. And, again, we try to have customer service numbers whenever we possibly can.

R: OK, and Steve says that "his ING direct account, where he's got a savings account offered him a loan for \$7,000. He agreed to accept it as it's a revolving account and just there in case of an emergency. Will this help or hurt my credit score even though I'm not using it?"

G: Again, it depends on your credit history. It most likely would help it to have an account that you used periodically and that's important; if you have a credit account today, make a small purchase from time to time and pay it in full each month. You know, just to show that you have some history that you manage that account well and that will help improve your credit score. So this account probably would help and again I can't be certain without seeing your personal credit history and overall but it probably would help

R: Howard asks, "What's a secondary credit number?"

G: A secondary credit number. What I suspect he's referring to is that most lenders don't just use one credit score in the process of reviewing your credit history and making a lending decision. So they would have a primary score that they use and a secondary score. For instance, there are scores that predict a likelihood of default, the standard ones that we're all familiar with, but there are also scores that predict things like the likelihood a person is in a position that they might declare bankruptcy in the next few months. So that they maybe a secondary score and they do what we call matrixing; they compare the scores and help use that to help make their decision. So if you have a primary score, that will help you give you the information you need to measure your credit history and the lenders, you know, they may today provide that to you, not all do, not all can, but if they do that's the number you should be concerned with.

R: Tim is clearly seeking financial nirvana; he asks "How do you get a perfect credit score?"

G: (laughs) Very, very few people that I know of have perfect credit scores and the reason is that if you have a credit account, there's always some risk that you won't be able to repay. You can be in an accident, you can get sick. Lots of things can happen that could cause you to be late or not be able to repay the debt. So, most, very very few people that I'm aware of have perfect credit scores and you really shouldn't make that a goal because you'll just you'll have more grey hairs than I do if you do that. Or less hair, you could start losing your hair because it's almost impossible to do. I don't have a perfect credit score, I don't worry about that, in fact I bought a car last year and my wife is a joint holder and her scores were better than mine; which took me about six months to quit hearing the end of. But it's not perfect, but it's good enough. Lenders aren't looking for a perfect score, they're looking for scores that say you're a good credit risk and they all have their own sort of level that they'll accept- so don't

worry about a perfect score. Instead, worry about managing your credit well; making your payments on time, keeping your balances low, and your scores for the most part will take care of themselves.

R: Oh, OK, Liz wants to be reassured. “Someone said that bankruptcy doesn’t come off your credit report unless you call to have it removed. Is that true or do you automatically remove it after seven to 10 years?”

G: We automatically take it off, so we track from the filing date we’ll watch that, and we’ll remove the bankruptcy automatically. So Chapter 13 bankruptcy, under which you repay a portion of the debt, is taken off after seven years from the filing date. Chapter 7 bankruptcy remains for 10 years because you don’t repay any of the debt so it stays a little bit longer but we’ll monitor that. Now again, I would encourage you to get your credit report at least once a year. Make sure everything’s there, if it should have come off, you can follow the instructions for contacting us and make sure that it gets removed, but it should come off automatically.

R: We’re just at about 30 minutes, but it looks like we’re going strong. Can you stick around for a while longer?

G: Absolutely, be glad to.

R: Great. Jerry and Judy ask very similar questions, Judy asks, “What’s the difference between all the different credit reporting agencies?” And Jerry asks, “Why will credit reports vary from agency to agency? I’ve subscribed to Experian on the 3 in 1 type account, sometimes the same information; sometimes not.”

G: Sure, and the reason is because we’re competitors. So the example I use is think of the three large auto manufacturers. Ford, Chrysler, and General Motors. Experian, Transunion, Equifax are very similar. We’re competitors, so we compete on the information we have that credit reporting, the quality of the credit reporting that we provide, so what will happen is that the vast majority of lenders report to all three of us but they may not report at the same time so normally, the reason for any difference is that one of your lenders has reported information to us and updated information but not yet at one of the others so you may see that discrepancy there. In some cases, small, regional, or local lenders may only choose to report to one or two of the credit reporting agencies and not all three. It’s one of the things that’s often not understood about the Fair Credit Reporting Act is that it doesn’t require lenders to report it simply says if you choose to, here are the things you have to do.

R: That’s probably an important question for consumers to ask, right?

G: Yes, and I always encourage consumers that if you’re working with a small bank or another lender and you’re not sure, ask them if they report your credit account to the credit reporting companies because that’s essential to building your credit history.

R: And Marie asks a question that I think brings up another important consumer strategy, “How many times can my credit be checked for a car loan before my score is lowered?”

G: Sure, and the answer is, as many times as is required within typically a 14 day period, with mortgage loans and auto loans credit scoring systems count all auto inquiries and all mortgage inquiries within a 14 day period as a single inquiry. So auto dealers, for instance, do something we call shot-gunning. They’ll send your application to a bunch of different lenders to try to find the best rate and that’s

recognized you're only buying one car you're not opening 20 different auto loans, so the credit scoring systems recognize that and count all those inquiries as a single inquiry. So you don't need to worry about the inquire affecting your credit score for an auto loan if you apply within a short period of time and most people do.

R: And this looks like it's getting a little bit out of your scope, but we might be able to shed some light on it anyway, Denise asks, in regards to a charge off, "Why can a collection agency report the charged off debt as a new debt with a newer, altered account number and the original charged off debt still appears even though it was sold to the collection company?" So she's got a problem with debts showing up twice on a report.

G: And they shouldn't. And again, the fact act was changed requiring that the original delinquency date, and if they're changing account information in order to report date that should have been removed that's something we like to know about because we don't that to happen, it shouldn't be there.

R: Whitney also asks a question about something going wrong. "What recourse do I have if my credit score was checked without my written permission?"

G: And that's another common misperception about people reviewing your credit report. Again, it's the report, not the score, that's being reviewed. And you don't have to give permission for your credit report to be accessed. A lender if you apply for credit can access your report without your permission. However, if you read the contract in the application you almost always see that by signing here you're giving permission for us to review your credit report, the most common example are preapproved credit offers. You don't ask for them to check your report, but they do review through an automated process your credit history to make sure that you meet the criteria for that offer before sending it to you. We don't show those inquiries to anybody, but you so they have no affect on your credit scores, the only time that you're required by law to give permission is for employment purposes and the employer must have you sign a form, separate form, that says I'm giving you permission to check my report. So you don't always have to give permission for your report to be accessed, though you usually do if you read the contract itself.

R: Anne says, "Think this is a layup for you. My friend just stopped paying his credit card and then went away. Will that hurt your credit?"

G: Yes. That's a slam dunk. That's the real key to good credit and credit history is just making those payments on time. If you stop making payments, your credit scores and your credit history are going to tank. So, yeah, I'd say yes.

R: And I hope this isn't her friend. Jerry asks, "Someone has a bad credit history and a low credit score. How's the quickest way to improve both, and how long will it take?"

G: Sure, and again, it really depends on how bad your credit history is. If you have strong credit scores and there was recently a study by vantage score, you can find that on the vantage score website related to mortgages and the effect on credit scores and what it showed is that if you started with a really good credit score and you had problems and your debts went negative you could recover quite often as few as nine months but if you already had problems it would take significantly longer so the more severe your credit history issues the longer it will take to recover and there really is no quick fix. People would love to be able to say if you do this, your credit scores will be great tomorrow. But what credit scorers look at and analyze the information on your credit report are really patterns of payment behavior over time.

Time is crucial. There is no “today you’re good, tomorrow you’re bad, and the next day, you’re good again.” It takes time and a history and a pattern of on-time payment, and that could be months, it could be years, depending on how serious the problems are.

R: Ashley has a question about the process whereby Experian and the other bureaus make fixes. For instance, where the father and son have the same name and things get messed up. How quickly can this be resolved?

G: Actually, very quickly today. The, and that’s the most common instance of what we’d call a mixed file. A father and a son. So a Sr. and a Jr. or a 1st and a 2nd or a 2nd and a 3rd. I’m a huge fan of George Foreman, but I always tell people from a credit reporting standpoint it’s a nightmare because all of the sons are George Foreman and not 1st, and 2nd, and 3rd. It’s just George. So, the issue then is how do we identify the individual and if you can contact us and get the credit report which you presumably would have done and would have seen that your son’s or your father’s name is on your report contact us, follow the instructions provided, we may ask for some identifying information, additional information, birth certificate, that sort of thing and as soon as we have that we can resolve that and flag the file. That’s something that we’ve worked very hard at and have gotten better at over the years in making sure that it doesn’t happen again as well.

R: Gina asks , “Is the data that’s entered on our credit report entered by a computer or by a person?”

G: There aren’t people typing things anymore. We receive almost all of our information via secured encrypted contact through computer systems and secured T1 lines so we don’t even like to ship information around anymore. We’re concerned that if you’re shipping tapes or shipping CD’s that it exposes us to the risk and lenders and you to the risk of fraud, so we want to make sure we don’t do that. Comes into our systems. We do review the information that’s coming to us for things that suggest something wouldn’t be right. For instance if a lender would report 100,000 accounts, and they were all 30 days late, we’d say something’s strange there. We need to make sure that it is reported correctly, but we don’t have people getting paper documents and typing in the information.

R: It looks like we might have confused some people. If we were unclear, we apologize. Gina and Tracy both ask, “Please clarify the information debt management plan and a debt settlement?”

G: Sure, and that’s a very good point you often hear the terms interchanged “DMP” or “debt management plan. That’s why I say it’s important to ask your counselor exactly how their plan works. If you go into a counselor, or contact someone, and they say they are going to negotiate lower repayment terms with your lenders you need to find out exactly what that means and ask them “Will the lenders be reporting the accounts as settled or will they be reporting them as current and paid on time?” and the counseling service can explain to you exactly what they’re doing and how they work with lenders so that’s a key question to ask them.

R: Yea there are some semantics involved too. There’s a settlement, lower case “s”.... you do after a debt management plan, end up with a lowercase ‘s’ settlement where you are paying less than the original amount, but then there is a different strategy offered by different companies called “debt settlement companies” where they withhold your payment and then negotiate and there are 2 different ways of settling. They end up both settling, but they do so in different ways.

G: Right, and that really comes down to whether you’re working with a credit counseling service. One of the things I always advise people is when you’re selecting a credit counseling service, make sure that

there is truly counseling and education there. Make sure that they provide training around budgeting and credit management. Things that will help you understand where you made mistakes in the past so that you don't make those same mistakes in the future. If you're not getting training and education as well, you might ask some more serious questions.

R: Tracy asks "Why is the credit score I got online different from the one my lender gets?"

G: Because it's a different score. Lenders select scores based on their particular client or customer base and their particular needs. The score that you get online from any source are really intended to be educational scores. They will give you a score or a number and an explanation of what that scores means. They're excellent for giving you a basis of where to start if you're having credit issues or just want to know where you stand. They'll give you a good general picture of what your credit worthiness is, if you have a strong credit history or a strong credit worthiness or if you have some issues. They'll also provide information about what's affecting that credit worthiness, so that you can to take action to begin improve those things over time. The lender scores, again, are specific to their needs. They may be specific for credit union lending, they may be specific for auto lending. The scores you get online are simply different scores and so you may see different numbers. But again, look at the explanation of the number. Don't worry so much about the number once it tells you where you stand, but rather what in your credit report is affecting your score. Because you always have to remember, the credit score is simply a reflection of the information in your credit report. To change the score, you have to change that report.

R: Mike and Natalie both ask the same question, "Where can I learn more about credit scores?" At the bottom of this page that you're on there are a couple of links to additional resources at both the CreditCards.com site and the site for Experian. There are plenty of others out there as well, but the ones at the bottom at the page are pretty good.

G: We're a bit biased, but yeah, check with us.

R: Melinda, great question: "Can you get your U.S. credit score/file transferred to the UK when you move?"

G: And the answer is No. You know, that's a pretty common question and at Experian, what people don't realize is we actually operate in more than 20 countries, and we don't share information from country to country because the credit reporting systems are different, the computer systems are different and the laws are different. So you can't transfer credit history information from the U.S. to the U.K. or from the U.K. to the U.S., you'll need to basically start over. We see that with our own employees because we do operate in different countries we have employees from the U.K. here and from other parts of the world, and it can be a bit of a challenge sometimes in reestablishing a credit history.

R: We were talking during lunch and that effects even Experian's own employees.

G: Yes, it does.

R: Jerry says, "Someone works out a payoff with one of their credit cards. The card company says if this is paid they will report it as paid in full. Does this actually happen?" I think we asked that a little bit earlier.

G: Yeah, it can, but I would verify it with the lender. It's up to the lender and how they report it. Most often, if you negotiate a reduced payment amount, it will be reported as settled rather than "paid in full"

or “settled for less than originally agreed.” So it’s not typically reported as “paid in full.”

R: Barbara asks, “If your credit score is very good, and you have a high level of available credit, what impact might closing some of those credit card accounts with no balances have on that credit score?”

G: Again, you would see some decline. It would depend again on your overall credit history and the credit scoring system as due to how many points that would be. But, you know, I would look at your credit history and your financial situation and say, “Do I need the accounts or not?” and “Am I planning to apply for credit?” Two questions you should ask yourself. If you’re planning to apply for credit, you might want to leave them open. If you’re not planning to apply for credit, then it’s up to you. Again, don’t let the credit score be your only driving factor in your decision. Look at some common sense things. Look at what’s best for you overall financially.

R: I see the results of our poll, “Have you ever gotten your free credit report?” You all know that you can get them for free. 71 percent of you have gotten one of them from each bureau, 12 percent of you have gotten them in the past and 18 percent of you have never gotten a free credit report. Get on the stick! They’re free! All right, well, there’s been a lot of good information passed along, and I think we’ll conclude it here. Rob, why don’t you give a little information on how people can get help on their individual problems?

G: Sure, absolutely. If you have questions about your credit report and need assistance, the first step is to get your current personal credit report directly from the credit reporting companies. So rather than get a report from a lender, go to AnnualCreditReport.com. Or if you subscribe to a credit monitoring service with Experian or if you’ve had issues or have been declined, the lender should have provided instructions on how to get your report from us. That will insure you that you have a current copy of your credit report with your current information, and it will include a toll free telephone number and a website you can call to receive assistance. So that’s really the first step, get that personal report. -- it’s simple, easy to read and understand in plain English -- and then follow instructions for contacting us on that report.

R: We’ve had a lot of great questions. I think we’ve helped some folks understand credit scoring and credit reporting, a little bit better. If you’ve missed any of the broadcast or you want to see it again as soon as possible we’ll be posting a transcript and video as well from the session. Thank you very much Rod for being here

G: Thanks Dan I really enjoyed it.

R: And thanks everybody!