



Credit Repair – Do It Yourself and Avoid Being Scammed

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Despite all the advertising by companies who promise to “erase your bad debt” or remove bankruptcies, judgments, liens, and bad loans from your credit file, the attorneys at the Federal Trade Commission say that they have never seen a legitimate credit repair operation making those claims. There is no quick fix for creditworthiness, although you can improve your credit report legitimately without cost. However, it does take time, effort, and sticking to a personal debt repayment plan.

The companies that promise to clean up credit reports for a fee cannot deliver an improved credit report using the tactics they promote, and in fact, it is illegal. No one can remove accurate negative information from your credit report. If you see a credit repair offer, this is how to tell if the company behind it is up to no good:

- The company wants you to pay for credit repair services before any services are provided. Under the Credit Repair Organizations Act, credit repair companies cannot require you to pay until they have completed the promised services.
- The company doesn’t tell you your rights or what you can do for yourself for free.
- The company recommends that you do not contact any of the three major national credit reporting companies directly.

- The company tells you they can get rid of most or all the negative credit information in your credit report, even if that information is accurate and current.
- The company suggests that you invent a “new” credit identity, and thereby a new credit report, by applying for an Employer Identification Number to use instead of your Social Security Number.
- The company advises you to dispute all the information in your credit report, regardless of its accuracy or timeliness.

If you follow illegal advice or commit fraud, you may find yourself in legal hot water. It is a federal crime to lie on a loan or credit application, to misrepresent your Social Security Number, or to obtain an Employer Identification Number from the IRS under false pretenses. You could be charged and prosecuted for mail or wire fraud if you use the mail, telephone, or internet to apply for credit and provide false information.

To learn how to improve your creditworthiness and find legitimate resources for low or no-cost help, see “Credit Repair: How to Help Yourself” at www.ftc.gov/credit. To obtain free credit reports, visit www.annualcreditreport.com. You are entitled to one free credit report per year from each of the three major credit reporting agencies, and this is the only website that provides access to those reports at no cost.