

What you need to know about disputes:

Disputing incorrect information
is good for your credit! But
beware of misinformation and
scams around credit repair!



Disputing inaccurate information that you find on your credit report is a great first step towards building strong credit. Understanding how to dispute is also an important skill for to sustain healthy credit over the long-term. Work with a coach and make sure that you are only disputing items that are actually incorrect. Trying to dispute valid debts in order to improve credit scores is considered a fraudulent practice in the credit industry. Stay away from credit repair companies that can actually do you more harm than good.

Mythbusters:

- ✖ **Myth:** If you dispute a negative item on your report it will disappear temporarily and you can get your application approved before it reappears!
 - **Fact:** Accounts that are currently in dispute may temporarily not impact a credit score, but it will still show up on the report. This is not an appropriate strategy for trying to seek loan approval.
- ✖ **Myth:** You need to dispute each mistake with each bureau.
 - **Fact:** If an account that is disputed is listed on reports from multiple bureaus, the bureau that you dispute with will inform the others to remove the account.
- ✖ **Myth:** You can't dispute everything on one credit report with just one letter.
 - **Fact:** You can list everything that you would like to dispute on a credit report in one single letter. For best results also include a copy of the report with your dispute letter, circling everything that is inaccurate.
- ✖ **Myth:** You can require documentation from the bureaus for anything on your report you don't recognize.
 - **Fact:** The credit bureaus cannot provide you with documentation about the validity of any of your information. If you are seeking proof that you owe a debt, you will need to request a debt validation directly from the creditor that is listed on the report. If that creditor is unable to validate your debt, you can dispute it with the bureaus.

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FCRA:

Understanding Your Rights

- You have the right to receive one free copy of their credit report from each Consumer Reporting Agency each year. This has been extended to once/week through April of 2022.
- You have the right to be informed if you are denied for a loan or receive unfavorable terms because of negative information on your credit report.
- You have the right to dispute information believed to be incorrect with credit bureaus **and/or** with the original furnisher.
- You have the right to receive a new free copy of a credit report if you dispute something successfully.

Watch out for Fraudulent Advice/Strategies:

- ! Paying off collections and asking creditor to remove the account – or paying extra fee to have a collections agency remove and account (**Violates FCRA accuracy requirement**)
- ! Dispute anything negative on your report and most will probably fall off, even if they are accurate (**FRAUD!!**)
- ! Create a new credit identity with an Employer Identification Number (EIN) instead of your SSN for a fresh start (**FRAUD!!**)
- ! Buy an “Authorized User” position on a stranger’s credit card who has a good payment record to boost your own score (**FRAUD!!**)

Best Practices

Be Proactive!

- Stay away from Credit Repair scams that want to charge money for things they can do themselves or for fraudulent disputing tactics! Credit Repair Organizations often charge hundreds of dollars for their services and make promises that they can’t uphold. Watch out for these red flags:
 - ! Anyone who promises changes (to your credit score)
 - ! Anyone who charges up front for services
 - ! Anyone who asks you to bring your own report – this means the credit bureaus don’t see them as reputable enough to sell them reports directly!
 - ✓ Only work with certified credit counselors and coaches at trusted nonprofits to provide a healthy alternative
- Review your free annual credit report each year, and work with a coach to identify important credit action plan steps
- Keep records of credit reports pulled and anything that might be inaccurate.

What Helps Ensure Resolution?

- When sending a dispute, keep records of when it was sent and any responses. When sending by mail, using certified mail can create a clear paper trail.
- To assist in the investigation, provide copies of any invoices, bank statements, or similar documentation showing when payments were made and for how much.
- If a furnisher changes the information, be sure to request a new free credit report if not immediately provided.

HELPFUL LINKS to learn more

To request a free annual credit report

www.annualcreditreport.com

Sample Dispute Letters

www.consumer.ftc.gov/articles/0384-sample-letter-disputing-errors-your-credit-report

Consumer Financial Protection Bureau

www.consumerfinance.gov