

Reports on credit

and other financial information

Basic questions about credit reports and credit reporting

What is a consumer credit report?

A consumer credit report is a factual record of an individual's credit payment history as reported by his or her creditors. It can be provided only for purposes permitted by law and serves as your credit references for businesses. Credit reports are most frequently used to help lenders quickly and objectively decide whether to grant you credit. Examples of credit include car loans, credit cards and home mortgages. A credit report also can be used as a tool in making decisions about employment, rental, licensing, insurance and other specific business relationships.

In less than two seconds, the credit reporting company compiles the information into a single report and transmits the report back to the consumer's lender.

What does a typical consumer credit report include?

- **Identification:** your name, current and previous addresses, telephone number, reported variations of your Social Security number, date of birth, employer and your spouse's name. This information comes from your credit applications, so its accuracy depends on your filling out the forms clearly, completely and consistently each time you apply for credit. The federal government geographic code for the area in which you live also will appear in your credit report. The geographic code helps prevent discriminatory lending practices.
- **Account history:** specific information about each account, such as the date opened, credit limit or loan amount, balance, monthly payment, payment status and payment history. This information comes from companies that do business with you.
- **Public records:** federal bankruptcy records; state and county court records of tax liens and monetary judgments; and, in some states, overdue child support payments. This information comes from public records.
- **Inquiries:** a record of those who have reviewed your information. This information comes from the credit reporting agency.
- **Consumer statements:** "statements of dispute" added by you or your creditors. Creditors report temporary dispute statements when you formally challenge the status of an account with them. The creditor stops reporting the dispute statement when the issue is resolved, usually within 60 days. If you and the creditor cannot agree on the status of an account, you may have a "statement of dispute" added to your credit history. Both your statement and the creditor's statement of the account status will appear on your credit report. The statement you add will remain as long as the account is part of your credit history.




*If you're like most Americans, you've bought a car right off the lot, ordered from a catalog, bought concert tickets online, rented a video and opened an instant charge account at a department store. Are you aware that your credit report made those services possible? You may never have seen your credit report, though, or really understood how credit reporting works. This issue of **Reports on Credit** will answer some basic questions to give you a better understanding about what credit reports are and how they are used:*

- *What is a consumer credit report?*
- *What does a typical consumer credit report include?*
- *How does consumer credit reporting help you?*
- *Who decides whether you get credit?*

Most of the information Experian has is positive, indicating that most people pay their bills on time.

Your Experian credit report does not contain data about race, religious preference, medical history, personal lifestyle, political preference, friends, criminal record or any other information unrelated to credit.

How does consumer credit reporting help you?

Before national credit reporting companies like Experian existed, consumers could obtain credit only in communities in which they were known and had lived for years. If they moved to another town where they were unknown, credit was virtually unobtainable.

Now, automated credit reporting systems enable a consumer's good credit reputation to make credit possible no matter where that consumer decides to live within the United States.

Experian's credit reporting processes collect, store and keep your financial references up to date. In a matter of minutes, and sometimes seconds, a lender can obtain and review your credit history and approve you for the services you need and desire. You also can take advantage of the convenience of credit by paying at the gas pump, tracking your credit use and earning bonus points toward special rewards.

Because of automated credit reporting, Americans enjoy the widest access to credit at the lowest interest rates in the world. Credit information enables lenders to either avoid consumers who don't pay their bills or to lend to them on special terms. Credit losses, which ultimately get passed on to consumers who do pay their bills, are therefore minimized.

Credit reporting companies also help to foster competition among financial service providers. This competition brings you reduced annual fees, specialized customer service, customer recognition and incentive programs, and purchase protection plans, among other benefits.

Who decides whether you get credit?

Credit reporting companies simply provide credit reports based on credit grantors' requests. In some instances they also deliver one or more credit scores from the credit scoring models selected by the lender. At that point, the credit reporting company's job is done. It doesn't make credit granting decisions, and they don't determine what the credit score or scores mean. That's the role of the lender.

Different lenders may use different pieces of information to make their decisions or make different decisions based on exactly the same information. In fact, the same lender may change its decision criteria over time.

Since only the lender makes the credit granting decision, only the lender — not the credit reporting company — knows the reasons for granting or denying you credit.



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