



## Consumer Tips from Your Community Banker (October 2013)

### Credit Reports: Just the Facts

Fall has arrived—time to set back the clocks, get a flu shot, and check your credit report? Wait a minute. Check your credit report?

UW-Extension educators are continuing a “Check Your Free Credit Report Campaign: 2/2, 6/6, 10/10,” reminding people to view their three free reports annually on Feb. 2, June 6 and Oct. 10. “2/2, 6/6, 10/10 is an easy-to-remember set of three dates,” according to J. Michael Collins, UW-Extension family and consumer economics specialist and director of the UW-Madison Center for Financial Security. “Each represents a day to set aside five minutes to pull one credit report from one credit bureau.”

The goal of the campaign is to help Wisconsin consumers establish an important routine. Credit reports contain information about late payments, amount of total debt, number of credit cards, and other facts that can affect the loan interest rates, terms, and fees that you pay. Incorrect information can occasionally appear in any individual’s credit report, and the sooner you correct errors, the less harm they can do to any loan applications or loan interest rates.

Consumers can check the accuracy of their credit reports for free once every year with each of the three private firms that prepare the reports—Equifax, Experian, and TransUnion. These firms sell consumer credit reports to businesses that use them to create credit scores and make lending decisions.

A UW-Extension website (<http://fyi.uwex.edu/creditreport>) introduces consumers to the “Check Your Free Credit Report Campaign: 2/2, 6/6, 10/10” and describes how to read and understand their reports. The information in credit reports can play a role in whether a consumer is offered a job or eligible for a loan. A Federal Trade Commission study found that about 5 percent of credit reports have errors that are big enough to trigger higher interest rates for loans ([www.ftc.gov/os/2013/02/130211factareport.pdf](http://www.ftc.gov/os/2013/02/130211factareport.pdf)).

Still, only about 16 million free reports are ordered each year out of more than 200 million people in the United States with credit records. In Wisconsin, around 39 percent of adults reported obtaining a copy of their credit report in one recent year, compared to 42 percent nationally, according to a 2009 FINRA Financial Capability Study (<http://www.usfinancialcapability.org/>).

There is only one legitimate source for a free credit report ([www.annualcreditreport.com](http://www.annualcreditreport.com) or phone 877-322-8228 toll-free). These contacts were created by the three nationwide consumer credit reporting firms and are the only no-cost contacts for your free credit reports. Other websites claim to offer free reports, but they often charge significant fees. Similarly, responding to unsolicited e-mails, pop-ups, or phone calls offering reports may lead to unwanted fees.

Final note: if the unlikely happens and you are unable to resolve a dispute with a credit bureau over wrong information in your file, you can submit a complaint online to the U.S. Consumer Financial Protection Bureau at [www.consumerfinance.gov/complaint](http://www.consumerfinance.gov/complaint).