

Managing Your Money



Credit, Loans and Debt



Scams and Identity Theft



Toolbox

Credit, Loans and Debt

[Your Credit History](#)

[Using Credit](#)

[Payday Loans and Cash Advances](#)

[Car Title Loans](#)

[Managing Debt](#)

Your Credit History

What It Is

What To Know

What To Do

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What is a credit history?

Sometimes, people talk about your credit. What they mean is your credit **history**. Your credit history describes how you use money:

- How many credit cards do you have?
- How many loans do you have?
- Do you pay your bills on time?

If you have a credit card or a loan from a bank, you have a credit history. Companies collect information about your loans and credit cards.

Companies also collect information about how you pay your bills. They put this information in one place: your credit report.

What is a credit report?

Your credit report is a summary of your credit history. It lists:

- your name, address, and Social Security number
- your credit cards
- your loans
- how much money you owe
- if you pay your bills on time or late

Why do I have a credit report?

Businesses want to know about you before they lend you money. Would you want to lend money to someone who pays bills on time? Or to someone who always pays late?

Businesses look at your credit report to learn about you. They decide if they want to lend you money, or give you a credit card. Sometimes, employers look at your credit report when you apply for a job. Cell phone companies and insurance companies look at your credit report, too.



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Why is my credit report important?

Businesses look at your credit report when you apply for:

- loans from a bank
- credit cards
- jobs
- insurance

If you apply for one of these, the business wants to know if you pay your bills. The business also wants to know if you owe money to someone else. The business uses the information in your credit report to decide whether to give you a loan, a credit card, a job, or insurance.

What does "good credit" mean?

Some people have good credit. Some people have bad credit. Some people do not have a credit history. Businesses see this in your credit report. Different things happen based on your credit history:

I have **GOOD** credit



- I pay my bills on time
- I do not have big loans

That means:

- I have more loan choices.
- It is easier to get credit cards.
- I pay lower interest rates.
- I pay less for loans and credit cards.

I have **BAD** credit



- I pay my bills late
- I owe a lot of money

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What It Is	What To Know	What To Do
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Your credit history is important. It tells businesses how you pay your bills. Those businesses then decide if they want to give you a credit card, a job, an apartment, a loan, or insurance.

Find out what is in your report. Be sure the information is correct. Fix anything that is not correct.

How do I check my credit report?

This is easy to do by phone:

- Call Annual Credit Report at 1-877-322-8228.
- Answer questions from a recorded system. You have to give your address, Social Security number, and birth date.
- Choose to only show the last four numbers of your Social Security number. It is safer than showing your full Social Security number on your report.
- Choose which credit reporting company you want a report from. (You get one free report from each company every year.)

That company mails your report to you. It should arrive 2-3 weeks after you call.

What do I do with my credit report?

Read it carefully. Make sure the information is correct:

- **Personal information** – are the name and address correct?
- **Accounts** – do you recognize them?
 - Is the information correct?
- **Negative information** – do you recognize the accounts in this section of the report?
 - Is the information correct?
- **Inquiries** – do you recognize the places you applied for credit? (If you do not, maybe someone stole your identity.)

The report will tell you how to improve your credit history. Only you can improve your credit history. It will take time. But if any of the information in your report is wrong, you can ask to have it fixed.