

In recent studies, it has been reported that the credit reports on which lenders rely in making decisions about consumers' credit worthiness often contain errors. The end result can be increased borrowing costs for consumers. Past studies of the accuracy of credit reports found that between 30 percent and 80 percent of credit reports contain errors and that nearly half of those errors may lower consumers' credit score by enough to affect their creditworthiness rating and the cost of credit for them. A new survey of more than 150 consumers by American Consumer Credit Counseling, a nonprofit organization that provides free credit counseling to consumers, calculated an error rate of almost 90 percent. These errors may result in prospective borrowers being turned down for loans or forced to pay higher interest rates. Inaccurate credit reports may also lead to higher premiums for homeowners and automobile insurance and can affect housing and employment opportunities.

To guard against those errors, consumers should regularly order the one free credit report they are entitled to annually from each of the three major credit-reporting companies: TransUnion, Experian, and Equifax. Consumers can request a free credit report online at AnnualCreditReport.com or by phone at (877) 322-8228. If consumers spot an error, they should contact the company that furnished the report, using the instructions on its website. The company has 30 days to investigate the reported error. Consumers can check their FICO credit score, the one most commonly used by lenders, at myfico.com. Additionally, consumers can pay a fee of approximately \$10.00 and request their credit scores from one of the credit-reporting companies.

Regular monitoring of credit scores and requests for correction of errors is the best way for consumers to ensure the accuracy of those credit scores and to ensure that their creditworthiness is judged fairly. Thanks to the availability of one free credit report annually at AnnualCreditReport.com, consumers can monitor the accuracy of their credit reports with very little effort and minimal or no expense. Those steps can save consumers hundreds and sometimes thousands of dollars annually in credit costs and can help ensure that they are not mistakenly or unfairly denied credit or other economic opportunities.