

Legal Credit Repair Methods

Article 7 of 9 – In the last article, we discussed IF you can remove bad credit. Now, we will discuss HOW you can do so.

To get a better understanding of what constitutes legal credit repair, it might help to begin with a review of certain illegal practices that occasionally occurs when individuals attempt to repair their credit.

Illegal: Changing your social security number to obtain a clean bill of credit.

Illegal: Disputing every item on your credit report, regardless of nature. The Fair Credit Reporting Act specifically states that only items that are unverifiable, inaccurate or misleading should be disputed. Items that are clearly yours, and accurately reflect your credit history should not be disputed.

Illegal: Charging for services that have not yet been completed. This is to protect the consumer from fraudulent companies that charge for services that never get completed.

If a credit repair company should recommend any of the above, report them to the authorities.

So, what exactly is *Legal Credit Repair*?

Legal Credit Repair consists of removing the negative items on a credit report. There are a few different methods of going about this. The most common and effective methods of correcting your credit are:

"Goodwill" Negotiation Negotiating directly with creditors asking them to "please" remove negative items from your credit reports is a viable method of credit repair for mild late-pay accounts. There are no laws that require that negative items to stay on your reports for any amount of time, and creditors have the ability to simply remove these items if they see that it could somehow work to their benefit, even if that simply means a pleased customer.

Credit Disputation The Fair Credit Reporting Act gives you the right to contact credit bureaus directly and dispute items on your credit reports. Just as in a court of law, you have the right to plead "not guilty" to negative information on your credit reports and leave the burden of proof to the credit bureaus. You can dispute any and all

items on your credit reports that you feel classify as inaccurate, unverifiable, or misleading. If the bureaus can not verify that the information on your reports is indeed correct, then those items must be deleted.

Can Debt Management/Debt Consolidation companies help consumers restore credit?

Debt counseling services assist consumers who are over their heads in debt. Often, these counseling services provides a beneficial service to the consumer. But some have allegiances to the credit bureaus. You should know, if you decide to leave a debt managment program before you have finished, they can list your failure to complete the process as a negative listing on your credit report. When you participate in a program, your creditors will sometimes (though rarely) note it on your credit report. **The fact that you resorted to a debt counseling program is a potential red flag for prospective credit grantors.** Remember, paying off your debts is a step in the right direction, but it does not restore your credit.

In the next article, we will take a look at professional credit repair services available to consumers.