

Select Portfolio Management, Inc

26800 Aliso Viejo Parkway

Suite 150

Aliso Viejo, CA 92656

949-975-7900

800-445-9822

info@selectportfolio.com

www.selectportfolio.com



Correcting Errors on Your Credit Report



Correcting Errors on Your Credit Report

Introduction

For whatever reasons, errors can and do appear on credit reports. Most frequently, errors are due to honest mistakes or misidentification. Nevertheless, you have a right to dispute errors or misleading information contained in your credit bureau files. Your rights arise under the Fair Credit Reporting Act (FCRA) and the Fair and Accurate Credit Transactions Act of 2003 (FACTA). You may also have rights under other federal and state statutes depending on your situation. If you notify any credit bureau of an error in your report, the credit bureau will conduct an investigation (also referred to as a reinvestigation). If the information is wrong, it must be corrected or removed. It is good to review your credit report on a regular basis, prior to any time that you plan to apply for benefits, insurance, a job, or a large amount of credit. When you receive your report, you should also receive instructions explaining how to dispute information that you believe is incorrect.

What kind of errors are typical?

When reviewing your credit bureau report, you should look for the following types of errors:

- Incorrect or incomplete personal information, such as name, address, phone number, and Social Security number
- Incorrect or incomplete employment information and history
- Incorrect marital status, including incorrect name of spouse, or a failure to acknowledge a divorce or subsequent marriage
- Incorrect account information, such as an account that is not yours, an account that shows late payments that were paid on time, or an account that is listed twice (once by the creditor and once by the collection agency)
- Identification problems, including information on your report attributable to another person with the same or similar name, or a listing of multiple Social Security numbers attributed to you
- Information about accounts that are attributed to you but that are the result of fraud or identity theft
- Spouse's debts attributed to you, even though the debts were incurred by him or her prior to the time you were married
- Closed accounts that appear as open
- Omission of statements where they should appear, such as "closed by consumer" or "account under dispute"
- Any information that is outdated

Generally, information may not remain on your credit report if it is more than seven years old. Different time limits may apply to some items, such as:

- Bankruptcies: 10 years from date of discharge
- Lawsuits/judgments: 7 years or until the statute of limitations expires, whichever is longer (a few states have statutes of limitations on written contracts and promissory notes longer than 7 years).
- Any derogatory credit: Indefinitely, if you are applying for a loan of \$150,000 or more, or life insurance, or if you are applying for a job with an annual salary of \$75,000 or more
- Credit inquiries: 10 years
- Criminal convictions: Indefinitely

Generally, you can dispute any information that is incorrect or misleading.

How do you correct these errors?

Request a reinvestigation

Under the FCRA, you have a right to request a reinvestigation of disputed information. Typically, you will receive a Research Request Form (or something similar) with your credit report. Once the credit bureau receives your request, it usually has 30 days to complete a reinvestigation (plus 15 additional days, if you send further information during the initial 30 days). The disputed items are checked with the party (lender, landlord, insurer) who originally reported the information to the credit bureau. One of the following events should occur:

- The credit bureau conducts a reinvestigation, the provider agrees that the disputed information is incorrect, and the information is corrected.
- The credit bureau conducts a reinvestigation, the provider verifies that the disputed information is correct, and your credit report goes unchanged.
- The credit bureau does not conduct a reinvestigation. The disputed information must be removed from your credit report.
- The credit bureau conducts a reinvestigation, but the original provider of the information fails to respond to the bureau's request for verification. The disputed information must be removed from your credit report.

Regardless of what happens, you should be provided with a reinvestigation report within five days following the conclusion of the investigation. If the reinvestigation results in a change to your credit report, you should also get an updated copy.

Tip: *In many cases, the original information provider has little time or incentive to track down your old account information to determine whether a mistake was reported. Frequently, information providers ignore requests for verification of account information. Accordingly, the credit bureau must remove the disputed information from your report.*

Tip: *Send all notices by certified mail and keep copies of all correspondence.*

Dispute the item directly with the creditor

Under FACTA, you have the right to dispute inaccuracies directly with the party who submitted the inaccurate information. Tell the creditor or other information provider in writing that you dispute an item. Include copies (NOT originals) of documents that support your position. Many providers specify an address for disputes. If the provider subsequently reports the item to any credit bureau, it must include a notice of your dispute. In addition, if you are correct (i.e., if the disputed information is not accurate), the information provider may not use it again.

What if you don't get results and you still think you are right?

If the usual credit bureau reinvestigation process fails and you are unable to get anywhere with the information provider, you still have remedies.

Contact the credit bureau again

If all else fails, you can always try contacting the credit bureau again. For disputes that are not resolved by the usual reinvestigation process, be sure to ask to speak to a supervisor.

Contact the government

The FCRA empowers various government agencies to enforce the Act, and you can contact the appropriate agency with questions or concerns. Although the agencies cannot solve individual consumer problems, they can act when they see a pattern of possible consumer protection law violations. However, they need consumer input in order for this to happen.

Call a lawyer

You are entitled to sue if you have been injured. You are also entitled to recover attorney's fees, costs, and, in some cases, punitive damages. Sometimes a well-worded letter from your attorney's office will get the results you need without filing a lawsuit.

Call your elected officials

Call your U.S. representative or senator, or, if you are seeking to enforce rights under a state law regulating credit bureaus, call your local state representative or senator.

Mitigate the disputed information with a consumer statement

A consumer statement is often ignored completely and, more frequently, dismissed. You do, however, have the right to add a consumer statement (100 words or less) to your credit bureau file that explains your side of the story with respect to the disputed information. A summary of the statement will be prepared by the credit bureau and sent out with every copy of your credit report in the future. You can also request to have the statement sent to anyone who has requested your credit report in the last six months. There may be a fee for this service.

Simply prepare your statement and forward it to the credit-reporting agency along with a letter that indicates that you want to add the statement to your file. Be sure to include in the letter identifying information, such as your name, address, phone number, date of birth, employer, and Social Security number.

What if you are a victim of fraud?

If you believe you are a victim of fraud (including identity theft), contact the three national credit bureaus (Experian, Trans Union, and Equifax) and have them put a fraud alert on your file.

Tip: FACTA provides consumers with a new arsenal of weapons to fight against fraud and identity theft. For example, you can ask the credit bureaus to truncate your Social Security number on any disclosures they send to you, including credit reports. You can also block fraudulent information from appearing on your credit report and get more help from businesses in tracking down the thief. Further, FACTA beefs up the fraud alert system, making it more difficult for the thief to ring up more charges under your name.

The Consumer Financial Protection Bureau

If you feel that your credit reporting rights under the FCRA and FACTA have been violated, you can file a complaint with the Consumer Financial Protection Bureau. Visit www.consumerfinance.gov for more information.

What about those companies that guarantee to fix your credit?

They charge a high price to correct or remove errors

If the information on your credit bureau report is inaccurate, these services can legitimately arrange to have the information corrected or deleted using the procedures described earlier. However, they typically charge exorbitant prices for something you can do for yourself at practically no cost.

Some engage in unethical practices to fix poor but correctly reported information

There is a difference between poor (derogatory) credit and incorrect credit. Incorrect items on your credit report may legitimately be fixed by you, or a company acting on your behalf, whether or not they are derogatory. However, you do not have a right to dispute correct information, even if it is derogatory. Many of the so-called credit fixers do just that. Their methods are questionable and could cause you more trouble than they are worth.

This material does not constitute the rendering of investment, legal, tax or insurance advice or services. It is intended for informational use only and is not a substitute for investment, legal, tax, and insurance advice. State, national and international laws vary, as do individual circumstances; so always consult a qualified investment advisor, attorney, CPA, or insurance agent on all investment, legal, tax, or insurance matters. The effectiveness of any of the strategies described will depend on your individual situation and on a number of other factors.

Advisory Services Offered Through Select Portfolio Management, Inc.

A Registered Investment Advisor

Securities Offered Through Securities Equity Group

Member FINRA www.finra.org , SIPC www.sipc.gov

Select Portfolio Management, Inc

26800 Aliso Viejo Parkway

Suite 150

Aliso Viejo, CA 92656

949-975-7900

800-445-9822

info@selectportfolio.com

www.selectportfolio.com