

Credit Reports – Errors Can Be Costly

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Sample of Content:

Errors on credit reports are common, and unnecessarily cost consumers the opportunity to obtain loans or credit. Here are a few examples of the more serious errors that can be found on credit reports.

Content:

In today's society, we can't function without credit. We need it to pay bills, borrow money, and to buy our homes and cars. A luxury of the current age is that credit is often granted easily and quickly, a result of years of automation and refining of record keeping. The glue that holds it all together is the credit report, a document made available to lenders by the three major credit bureaus. When an individual applies for credit or a loan, the lender can see the financial history of the applicant and make a

decision quickly. But what if the information on that person's credit report is wrong?

It turns out that more often than not, the information contained on a credit report may not be accurate. While most mistakes are simple ones, such as address problems, others are more serious. Here are a few examples:

Mistaken identity – People with similar names or dates of birth are occasionally confused by the system, which can lead to credit reports that have completely erroneous entries. If you live in Minneapolis and have lived there all of your life, it would be pretty shocking to see your credit report indicate that you have defaulted on your mortgage on a home in Miami. Sometimes it's even worse than that some individuals have had problems obtaining loans because their credit reports indicated that they were dead!

Administration errors – Sometimes correct information gets entered incorrectly. A bill paid on time and in full might be recorded as only partially paid. An open account may be shown as closed. A loan paid in full may be recorded as in default. Sometimes these are human mistakes and sometimes they are computer errors.

Identity theft – A problem caused when someone obtains your personal information and obtains credit or loans by posing as you. This is one of the most difficult problems to fix, and it often takes more than a year to even find out that you have been victimized.

The best way to fix these problems is to be vigilant. Check your credit report often and report errors as soon as you find them. The longer you wait to report a mistake, the harder it will be to repair since paperwork and other documentation often gets misplaced over time. A few minutes spent check your report once or twice a year may save you hundreds of hours of work later.

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