

Your credit history/report©

Updated
October, 2006



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Disclaimer — Please read

This packet of information was prepared to answer general questions and give general advice about the law in Illinois. This packet may or may not also include forms that you can use. When reading this packet or using the forms, keep in mind that the advice, information, and forms were created to assist readers with general issues, not specific situations, and as such does not replace the advice or representation of an attorney licensed to practice in the State of Illinois. Because of this and because of unanticipated changes in the law, the School of Law at Southern Illinois University and the person, institution, or agency who gave you this packet make no claim as to whether the use of this packet will achieve the result you desire and disclaim any responsibility for the consequences of any form prepared or action taken in reliance upon the information in this packet. If you are concerned or do not understand whether this packet will be of assistance to you or will apply to your specific situation, you should talk to an attorney who is licensed to practice in the State of Illinois. If you have any questions about this disclaimer,

Look for these symbols to tell you when to:



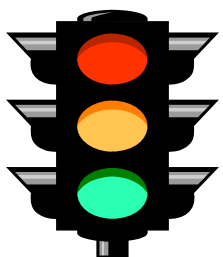
STOP!

You need legal representation or advice to continue.



USE CAUTION!

This is very important so pay attention.



GO!

You can proceed to the next step.



CHECK IT OUT!

This issue is discussed in another packet.

Warning to all readers



Before you proceed with using this packet, you should ask yourself the following questions:

1. Have I tried to consult a private attorney?

No self-help publication, packet, or form can replace the advice and experience of a licensed attorney. An attorney may not cost as much as you think, especially if you just need to ask questions. Before you proceed on your own, call several local attorneys, compare prices, and find out whether you can pay an attorney or not.

2. If I cannot afford an attorney, have I tried to find a free source of legal assistance?

There are several agencies which provide legal assistance for free to certain groups of individuals. Some of these agencies are listed to the right. While they may not be able to help you with a particular problem, it does not hurt to call them to find out before you proceed on your own.

3. Is this something that I can do on my own?

If you have trouble following directions, or have difficulty reading, writing, or speaking in public, you may not be able to follow the directions and advice in this packet. If this is the case, find a friend or someone who can help you before you proceed on your own.

Free sources of legal help

Land Of Lincoln Legal Assistance

Serves the 65 southernmost counties in Illinois

Toll Free: 877-342-7891

For additional information, you may

visit their website at:

[Http://www.lollaf.org](http://www.lollaf.org)

Prairie State Legal Services

Serves most of northern and north central Illinois outside of Cook County

815-965-2134

800-331-0617

Coordinated Advice and Referral Program for Legal Services

serving Cook County

312-738-9494

Will County Legal Assistance

Serving Will County

815-727-5123



It is very important that you read each section of this packet completely before you take any action in regard to a legal problem including using any forms that supplement this packet.

Because this packet discusses terms and actions you are likely not familiar with, you will need to refer back to the following sections from time to time when reading this packet:

People you should know

This section describes people that you may come into contact with in regard to a particular legal problem. It is important that you understand who these people are and what they do and don't do.

What these legal terms mean

This section defines commonly used legal terms in words that you can understand. To use the rest of this packet and any supplemental forms, you need to understand exactly what these terms mean.

Summary of the law in this area

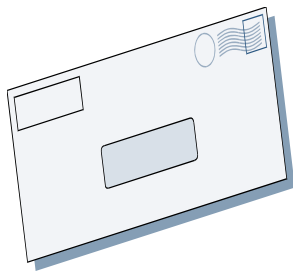
This section contains summaries of important areas of the law that you need to know.

Myths and Tips

These two sections discuss commonly held misbeliefs about the law and steps that you should take (or not take) that could make your task easier.



Who these people are



Creditor

A person or business that you owe money to is called a creditor. If you don't pay a bill on time, if you miss or are late with a payment, or if you owe someone money for some other reason, the creditor will usually be the first person/agency who contacts you.



Collection agency

A collection agency is not owned by a creditor nor is it part of their company. Rather, a collection agency is another business that the creditor hires to try to collect unpaid bills for them. Sometimes the collection agency receives a percentage of whatever they collect, sometimes they are paid a flat rate.



Credit bureau/Consumer Reporting Agency

Like the collection agency, a credit bureau is not owned by the creditor nor is it a part of their company. Rather, a credit bureau is another business that compiles a computerized record of all (or at least most) the major bills that you have or have not paid off on time. This "record" is often referred to as your "credit report" or "credit history." Your record can also include bankruptcy information, medical history, and your arrest record.



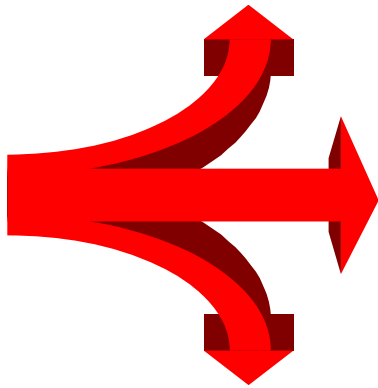
Debtor

If you owe a person, business, or agency money, you are in debt to them or are called a debtor.



Attorney

An attorney is someone who can help you with your legal problem by providing you with advice about the law, the legal system, and the merits of your case. An attorney can act as your advocate and can represent you in court and in negotiation settlements.



Consumer Credit Counseling

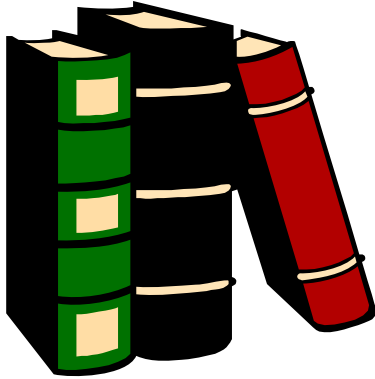
CCCS is a nonprofit community organization dedicated to helping well intentioned people repay their debts in a timely and consistent manner by providing free personal financial counseling. They are not collection agencies or loan companies. Best of all, their services are free. In the Chicago-metro area call 1-866-889-9347. In Southern Illinois, call 1-888-656-CCCS (2227).

Attorney General of Illinois

If you are having trouble with a collection agency, credit bureau or credit, you should file a complaint with the office of Consumer Protection. You can reach the Attorney General in the Chicago area at 800-386-5438, in the Springfield area at 800-243-0618, and in the Carbondale area at 800-243-0607.

Federal Trade Commission

If you have questions about the Fair Credit Reporting Act, or if you would like to file a complaint with the Commission, you can visit their website at www.ftc.gov. While the Commission cannot intervene in individual disputes, if a pattern of possible law violations occur, they can take action.



Disclaimer: Please Read !!!

The following is a list of publications which discuss the issues of credit reports. Some of these publications are specific to Illinois and others are more general in nature. Because of this and because of unanticipated changes in the law, the School of Law at Southern Illinois University and the person, institution, or agency who gave you this packet make no claim as to the accuracy of the content of these publications including whether they will achieve the result you desire. The School of Law at Southern Illinois University and the person, institution, or agency who gave you this packet disclaim any responsibility for the consequences of any action taken in reliance upon the information in these publications. If you are concerned or do not understand whether a particular publication will be of assistance to you or will apply to your specific situation, you should talk to the publication's publisher or an attorney who is licensed to practice in the State of Illinois. If you have any questions about this disclaimer, call the Self Help Legal Center.

Your Access to Free Credit Reports, Federal Trade Commission

Ready , Set, Credit, Federal Trade Commission

Fake Credit Reports: Cashing in on Your Personal Information, Federal Trade Commission

Before You File for Personal Bankruptcy: Information about Credit Counseling and Debtor Education,
Federal Trade Commission, produced in cooperation with the
Dept. of Justice's U.S. Trustee Program

Fair Debt Collection, Federal Trade Commission

Negative Credit Can Squeeze a Job Search, Federal Trade Commission

Building a Better Credit Report, Federal Trade Commission

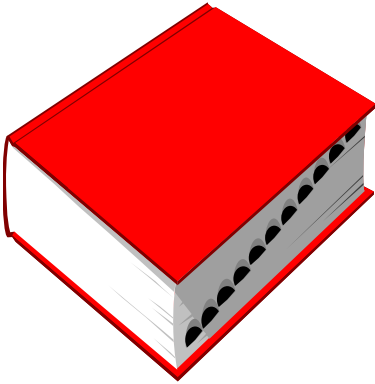
How to Dispute Credit Report Errors, Federal Trade Commission

New ID? Bad Idea: File Segregation Exposed, Federal Trade Commission

Getting Credit: What You Need to Know About Your Credit, Federal Trade Commission

Getting Credit When You're Over 62, Federal Trade Commission

What these legal words mean



affidavit

A sworn statement by a person. Lying in an affidavit can result in a charge of perjury which could mean a fine, imprisonment, or both.

credit

When a person, business, or agency gives you a sum of money or allows you to purchase something in installments, they are giving you credit.

credit bureau/consumer reporting agency

A private organization which compiles a computerized record of all (or at least most) of the major bills that you have or have not paid off on time. This "record" is often referred to as your "credit report" or "credit history." Your record can also include bankruptcy information, medical history, and your arrest record.

creditor

Any person, agency, or business to which you owe a debt.

credit report/history

A computerized record of all (or at least most) the major bills that you have or have not paid off on time. Your record can also include bankruptcy information, medical history, and your arrest record.

debtor

A person who owes money.

pro-se

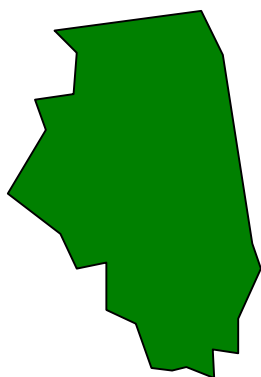
A person who is not represented by an attorney and is involved as a party in a lawsuit.

statute

The law that the state legislature or federal government enacted on a particular subject.

Summary of the law in this area

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There are federal and state laws regarding how your credit history/report must be reported.

The federal Fair Credit Reporting Act is found in Title 15, Section 1681 of the United States Code.

Provisions of the Illinois Consumer Fraud and Deceptive Business Practices Act which discuss credit reporting can be found in Sections 2B.2, 2C, and 2S of Act 505 of Chapter 815 of the Illinois Compiled Statutes.

The Fair Credit Reporting Act gives you specific rights in dealing with credit bureaus or consumer reporting agencies. The Act protects consumers by requiring bureaus to furnish correct and complete information to businesses which request a copy of your report. The Act provides a procedure which consumers can follow to request investigations of errors in their report as well as a method by which consumers can include their written version of their report when the bureau refuses to correct an alleged error. The Fair Credit Reporting Act is enforced by the Federal Trade Commission.

The Illinois Consumer Fraud and Deceptive Business Practices Act:

Return of downpayment when credit is denied:

In Illinois, a seller must return to the consumer any and all downpayments regardless of their form (money, property, goods, etc.) when the downpayment was conditioned on having a credit rating acceptable to the seller and the seller rejects the consumer's application for credit.

Reporting co-signers debts:

In Illinois, no person, business, or agency, can report adverse information to a credit bureau regarding a cosigner's debt unless they first notify the cosigner by mail that they have defaulted on the debt and that they have 15 days to either pay the debt in full or work out a payment schedule. If the cosigner pays the debt in full or works out a payment schedule, no adverse information can be reported to the credit bureau.

Unlawful selling of credit reports:

In Illinois, a person, business, or agency, cannot sell or offer to sell to a consumer access to records that they can obtain at no cost or for a nominal fee from a governmental agency or credit bureau unless their offer informs the consumer that these records are available from these agencies or credit bureaus for a nominal fee or for free.



Your report

As a service to businesses, banks, lenders, and employers, a few private organizations keep track of you —whether you have declared bankruptcy, been sued, been in the hospital and yes, even arrested — and your credit record — your ability to pay (and not pay) back loans throughout your life.

Why do lenders and employers need this information? Because it says something about you and whether you are likely (or not likely) to pay back a loan or be a good employee. Your credit history, consequently, is important because it is what other companies, including banks, financial institutions, stores, and other lenders of credit look to when deciding whether or not to give you credit and what some employers look at when giving you a job.

Your credit report is like most contemporary files in that some information is on paper and other information is on a computer file (which can be printed). Like most files, however, your credit record can also be incomplete and yes, even incorrect, unless it is properly maintained. Please note that not all lenders or creditors supply information to credit bureaus, and as such, their records (good or bad) will not appear in your "file".



How to get a copy of your report

The Fair Credit Reporting Act requires each of the nationwide consumer reporting agencies—Equifax, Experian, and TransUnion—to provide you with a free copy of your credit report every 12 months. You may request your free credit report by calling 1-877-322-8228 or visit the website, www.annualcreditreport.com.

CAUTION!!! Annualcreditreport.com is the **ONLY** authorized online source for you to get a free credit report under federal law. Some other sites claim to offer "free" credit reports but may charge you for another product if you accept a "free" report. When requesting a free credit report, be sure you have typed www.annualcreditreport.com correctly, or you may also link to it from the website for the Federal Trade Commission, www.ftc.gov.

You may also request an Annual Credit Report Request Form by writing to :

Annual Credit Report Request Service
P.O. Box 105281
Atlanta, GA 30348-5281

Note: You will be charged additional fees if you want a copy of your credit score in addition to your credit report.

What to do if something in your report is wrong.



STEP ONE: Notify the credit bureau where you got your report

Contact the credit bureau where you received your report about the mistake. Your first contact should be in writing and you should include any documents that support your position. Do not send originals — send copies. Your letter should provide your complete name and address, and should clearly identify each item in the report that you dispute, the reason you dispute the information, that you want the disputed information corrected or deleted, and what the correct information should be.

Send your letter by certified mail with a return receipt requested so you can prove when it is that you sent the letter. Be sure to keep a copy of your letter along with the originals of any documents that you mailed with the letter.

STEP TWO: The Investigation

When a credit bureau receives your letter, they must consider and transmit all the relevant evidence you submitted to the person who furnished the information you disputed. Under the Fair Credit Reporting Act, the credit reporting agency has 30 days to complete its investigation. You will receive written notice of the results of the investigation within 5 days of its completion. The credit reporting agency should also include a copy of your credit file if it has changed based on the dispute.

STEP THREE: The Results

If the investigation reveals an error or if the bureau cannot verify the information in the report, the bureau is required to send you a corrected report and if you request it, must send a corrected report to anyone who has received a report on you in the past 6 months. Job applicants can have corrected reports sent to anyone who received a report in the past 2 years. Once removed, the bureau cannot put the disputed information back into your report without notifying you in writing.

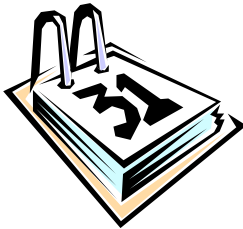
If the investigation reveals no error and you still dispute it, you should ask the bureau to include your version of the disputed information in the file. Your version can be up to 100 words and must be sent to anyone who receives a copy of your report.



Who gets your report and do you know about it?

Not everyone can get a copy of your report — only certain people with certain specified purposes.

Unfortunately, those people authorized to get your report may request your report without informing you. A credit bureau, however, may not provide your report to your employer unless the employer has your written permission. Similarly, your written permission must be obtained before medical information may be reported by a credit bureau for credit, insurance, or employment purposes.



How long does bad information stay in my report?

Most unfavorable information can stay in your credit report for 7 years. The exceptions are:

- Bankruptcies — which will appear for 10 years;
- Information reported because of an application for a job with a salary of more than \$75,000 — which appears forever;
- Information reported because of an application for more than \$150,000 worth of credit or life insurance — which also appears forever; and
- Information concerning a lawsuit or a judgment against you — which can be reported for 7 years or until the statute of limitations runs out; whichever is longer.



What to do if the credit bureau violates the law

Although the Federal Trade Commission cannot act as your lawyer in a private dispute, you should report any bureau you have a complaint with to the Commission.

If you want to file a lawsuit against the credit bureau for violating the law, you should seek the assistance of an attorney.



“Cleaning up or clearing” your credit report

Some businesses are scamming customers with bad credit by claiming that they can “clean up” or “clear” a customer's credit history of negative information.

This is how the “scam” works.

The scam abuses a provision in the Fair Credit Reporting Act which allows you to challenge incorrect information that appears in your credit history. This is discussed on page 12. The business promises to send “hundreds” of requests to the credit bureau under the theory that the bureau cannot possibly verify them all, thus the information will be deleted from the person's credit report. The customer pays the business a fee and the requests for verification are sent.

The problem with this scam is that even if it works for a while and the customer gets a “clean” credit report, it is just a matter of time before the credit bureau processes all the requests, verifies the negative information, and puts it back in the customer's credit report which usually takes about a month or two.

A “new” credit identity

Another scam promises to actually give you a new credit identity by giving you a new identity.

This is how the “scam” works.

You pay a fee and the business gives you a number which looks a lot like a new Social Security number. What it is, however, is a Employer Identification Number (EIN) which businesses use to report information to the Internal Revenue Service and Social Security. Once you receive your new “number”, you are told to use a new mailing address and to include credit references.

The problem with this scam is that it is a federal crime for anyone to obtain an EIN under false pretenses. A person can also be charged with mail or wire fraud if they provide false information over the telephone in applying for credit.



Before you pay someone to help you clean up your credit report, keep in mind that there are only two ways to get accurate information off your credit report legally:

- 1) Pay the bill (if it is a debt), or
- 2) Wait the 7 or 10 years for the information to be removed.



4 Commonly held beliefs about credit reports which are not true:

An attorney, credit agency, bank, etc, can help me "clean" up my report of negative information

Wrong. Only inaccurate or incorrect information can be removed from your credit report legally. Accurate but negative information can only be removed by paying the debt or waiting until the time (7-10 years) the information can appear passes.

All negative information must be removed from your report in 7 years.

Wrong. Some information, like bankruptcies, can appear on your report for 10 years. Some information (see page 13) is never removed.

If I make payments on a debt, even small ones, it can't appear on my credit history.

Wrong. Making payments on a debt does not prevent the creditor from reporting that information to a credit bureau.

A business cannot get my credit report without my permission.

While an employer cannot get your credit report without your signed permission, and some lenders will not get your report without your permission, the reality is that most employers won't consider your application for employment and most lenders won't consider your application for credit unless you sign a release allowing them to look at your credit report.



Try to get a copy each year.

While it is not required, if you can a copy of your credit report each year, you can find and correct mistakes before they "get out of hand."

Put dispute letters in writing.

While it is not required, if you dispute an item in your credit report and you contact the credit bureau, it is a good idea to put your dispute request in writing and to send your letter by certified mail, return receipt requested. That way, if there is any dispute as to whether you notified the credit bureau about the problem, you will have proof that the bureau received your letter as well as when it is that you sent it.

Submit your own version if you need to

A lot of debtors give up once the credit bureau notifies them that their "investigation" did not reveal a problem with the customer's credit report. If after an investigation you still believe that the credit report is wrong, send a written statement (100 words or less) detailing your version of the report to the credit bureau and ask them to include it in your credit report each time it is sent.

Get help if you need it

If you have trouble following directions, doing things on time, filling out forms, or keeping track of paperwork, enforcing your rights may be much more stressful than it needs to be. If, however, you have a friend you can help you do these things, the job will be a lot easier. Keep in mind, however, that a friend cannot take the place of the advice and experience of an attorney licensed to practice in the State of Illinois. Consequently, if you need legal advice or if representing yourself proves to be too difficult a task for you, talk to an attorney.