

Checking Your Credit Report

Reasons to Check Your Credit Report

Credit information - an individual's financial history - is an integral part of modern life. Although most often used when a consumer applies for a loan, credit reports can also be important when an individual applies for life, auto or home insurance, rents an apartment or applies for a job¹. Many financial advisors recommend that a consumer's credit report be reviewed at least once a year, to be sure that all information contained in the report is accurate and complete.

Information Found in a Credit Report

Credit reporting agencies, commonly known as credit bureaus, collect information on individuals from a variety of sources. Much of the data comes from a credit bureau's business subscribers, such as banks and other lenders. Other information is obtained from public records. A credit report does not include any statement about whether or not an individual is a good or a poor lending risk. A credit bureau's subscribers (lenders) evaluate the information in the report using their own criteria and then make a determination as to the creditworthiness of a loan applicant.

A typical credit report usually has the following information.

- **Personal data:** Identifying information such as name, Social Security number, birth date, current address and marital status.
- **Credit history:** Including a list of current and past creditors, credit terms and limits, and a how well (or poorly) past debts have been repaid.
- **Inquiries:** A list of requests for credit reports on the individual concerned.
- **Public records:** Information such as bankruptcies or lawsuits.
- **Personal statement:** A limited statement where a consumer can explain his or her position in any dispute with a lender.

¹ Federal law prohibits an employer or prospective employer from checking credit records without written permission from the individual involved.