

How to Repair Your Credit So You Get A Higher Credit Score

You just came out of a showroom, liked the car you wanted, applied for credit to get the car, and found you were turned down. Or maybe you applied for a new credit card and were declined? In every case, the reason was bad credit.

Believe it or not you are not alone, for there are millions of people who are in debt in this country. In fact, the bankruptcy courts are jammed with cases from people who can't pay their bills and have to get debt relief some way.

There is a way to clear your credit and settle all your debts so you can restore your credit history. There are many steps to take, but one you take these steps, your hopes of having perfect credit increases.

When it comes to credit repair, there are ways to pay your debts and restore your credit history without bankruptcy. All it takes a little education and knowing what to do. There are forms to fill out, but once the process is complete, you have no more fears to worry over, because by that time, you should be close to perfect credit if you aren't there yet.

Some of the items that can appear on your credit report and ruin your credit are bankruptcies, tax liens, judgments, felonies, repossessions, and identity theft. Some of these items can stay on your credit report for 10 years, while some only stay on your report for seven years. Either way, they show up as derogatory and hurt your credit score.

How can you dispute these and other items that may appear on your credit report? If you look at your credit report and find something you are not sure about, or think it doesn't belong there, it is your right to question the validity of it. You should dispute this with the credit bureaus.

If you owe or think you owe money to a certain creditor, and he hires someone to try collect this money, you would do well to have the debt validated first. How does the person collecting the money on behalf of the creditor know it is your account? Does the collector actually have proof of this transaction? Have there been payments applied to the account, and if so by whom? Who is actually legally responsible for that debt?

If you find yourself getting collection letters or harassing phone calls, or you even see an item listed as a collection account, you can dispute it and have the debt removed. How? You have to tell the collector he must provide proof that he owns the debt. The collector must be able to provide some account statements from the original creditor that proves the existence of the account and that it is indeed your account. You should even go so far as to request a complete payment history from the original creditor onward.

The steps to take to validate items on you report include the following:

- Send a letter to the collection agency requesting that the account under question be validated.
- Dispute the item or items with the credit bureaus.
- Wait 30 days for a reply.
- If you haven't received any proof, you must send a copy of your receipt by registered mail showing the exact day of mailing, a copy of the actual letter you sent, and a statement saying they are in violation of the FDCPA Act. At that point they must remove the collection listing from your credit report or face a lawsuit for violating the FDCPA section 8089(b).
- You should wait 15-20 days to hear back from them. More than likely they will not respond.
- If at this point the listing was removed, you are done, but if the listing was not removed, your next step is to file a lawsuit in small claims court against the collection agency for violating the FDCPA.
- Contact the credit bureaus and tell them the creditors did not verify the debts. Make sure to send a copy of your proof. You must request the method of verification, which you have the right to use under FCRA.
- If the credit bureaus tell you any request must come from the creditors, tell them they are in violation of the FCRA for willful non-compliance. And tell them you will file a lawsuit in a small claims, state, or federal court for the violation.

If you take the above steps for any debt you are not sure about or that have been on your credit report for too long, you can have those items removed. These debts may be past the statute of limitations.

When you do work with creditors, make sure you negotiation with the creditor to update your credit rating. You do not want to have the words "paid" collection on your report. This is just as bad as an "unpaid" collection.

The important consideration here is to settle your debts so you can get a good credit rating. To do this just manage your finances properly and don't go overboard with credit. Know your limitations on spending and don't take on more than you can chew.