



Dear Consumer:

I have prepared this guide to help answer any questions you may have about how to ob-

tain information concerning your credit standing. The guide also discusses the steps you can take to correct inaccuracies that might appear in your credit report.

I hope that you, as a New York State consumer, find this material useful. If my staff and I can be of any further assistance in helping resolve a credit reporting dispute, please don't hesitate to phone or visit my office.

Sincerely,

Velmanette Montgomery  
25th Senate District

### Who are the credit reporting agencies?

The toll-free phone numbers and websites of the three major credit reporting agencies are as follows:

Equifax  
1-800-685-1111  
[www.equifax.com](http://www.equifax.com)

Experian  
1-888-397-3742  
[www.experian.com](http://www.experian.com)

TransUnion  
1-800-888-4213  
[www.transunion.com](http://www.transunion.com)

contact me:

[montgomery.nysenate.gov](http://montgomery.nysenate.gov)  
[montgome@nysenate.gov](mailto:montgome@nysenate.gov)

**ALBANY OFFICE**  
903 Legislative Office Bldg.  
Albany, NY 12247  
(518) 455-3451

**DISTRICT OFFICE**  
30 Third Ave.  
Suite 207  
Brooklyn, NY 11217  
(718) 643-6140



NEW YORK  
STATE SENATE

# CONSUMER'S GUIDE TO CREDIT REPORTS

### IMPORTANT INFORMATION FROM



NEW YORK STATE SENATOR  
**VELMANETTE MONTGOMERY**  
25TH SENATE DISTRICT

[MONTGOMERY.NYSENATE.GOV](http://MONTGOMERY.NYSENATE.GOV)  
[MONTGOME@NYSENATE.GOV](mailto:MONTGOME@NYSENATE.GOV)





# WHAT ARE CREDIT REPORTS?

Credit reports are the statements kept by credit reporting agencies listing all consumer financial accounts (i.e., credit cards, mortgages, student loans, etc.). These reports are used by banks and financial institutions to determine a consumer's credit worthiness.

## How can I get a copy of my credit report?

In order to properly correct your credit history, you need a copy of all three of your credit reports to make sure each contains accurate information about you. Once every 12 months you can order free copies of your credit reports from TransUnion, Experian and Equifax—the three major consumer reporting agencies (CRAs)—under the provisions of the federal Fair Credit Reporting Act. Greater access to your credit history will in turn allow you to correct errors and also protect yourself from identity theft. You can obtain free copies of your credit report from Experian, Equifax and TransUnion through their centralized service, [annualcreditreport.com](http://annualcreditreport.com). Reports are available to consumers either online, by telephone or by mail:

Online: [www.annualcreditreport.com](http://www.annualcreditreport.com)  
Toll free telephone: 877-FACTACT (766-322-8228)  
Mail: complete the online Request Form and mail to Annual Credit Report Request Service  
P.O. Box 105281, Atlanta, GA 30348-5281

## How do I correct an inaccurate report?

If you are denied credit, ask the financial institution that obtained the credit report to give you a copy of the report or request one from the credit reporting agency (CRA). Once you have received the report, call or write the CRA stating the inaccuracies you have found. If reinvestigating by the CRA does not yield results, you must send them a response in 100 words or less stating why the report continues to be wrong. According to the Federal Fair Credit Reporting Act, the CRA must inform you of the results of its investigation within 30 days. If you have documentation that the status has changed or the information is inaccurate, send a copy of your documentation to the CRA for review. The result of the investigation,

with the updated information, will be sent to anyone who has requested your credit report within the last six months.

## Who can get my credit report?

Many organizations and institutions (lenders, insurance companies and landlords) can obtain a copy of your consumer report from a credit reporting agency. However, the Fair Credit Reporting Act of 1970 requires that no consumer reporting agency may furnish a consumer report unless the consumer is notified or a court order is issued. The credit reporting company must receive a written statement signed by the consumer before a report is released.

## When is my report updated?

Reports are updated on an ongoing basis. Declarations of bankruptcy may show on the report for as long as 10 years. All other adverse data such as nonpayment of a bill is reported for seven years.

## What happens when complaints are not adequately handled?

All consumers have the right to appeal to the State Attorney General if not satisfied with the steps taken by credit reporting agencies to eliminate incorrect data on a credit report. The New York State Attorney General's Consumer Frauds and Protection Bureau can be reached toll-free at 800-771-7755.

## How do I improve my credit rating?

You can add positive information to your file. For example, send documentation showing your employment history, long term residence, and/or proof of a savings account. Also, you can establish a credit account for a sizable purchase and make timely payments to improve your credit rating.

## Where do I go for help to manage my finances?

CredAbility, a not-for-profit organization, offers

a variety of budget planning services to help people manage their money wisely and meet their financial obligations. For information, call 800-251-2227 or visit their website at <http://www.credability.org>.

## Truth-in-Lending Act

The Truth-in-Lending Act requires that certain disclosures be made by the creditor in consumer credit transactions. Generally, the law requires that the creditor inform the debtor of the cost of the credit and the method by which that is determined. The cost of credit is that amount above the principal loaned that must be paid to the creditor, including interest and any fees. The cost of credit must be stated both in a dollar amount, the finance charge, and in a percentage figure, the annual percentage rate (APR). In addition, persons entering into opened credit agreements will receive a periodic statement which must list the previous balance on which the finance charge is computed, the amount of the finance charge, the annual percentage rate, other charges, and the date on which the new balance must be paid to avoid finance charges. The statement must also identify each transaction and give the address for inquiries regarding billing errors.

## Automatic Debit Plans

An automatic debit plan is a credit card plan where the customer agrees to allow a bank card issuer to deduct money from the customer's deposit account to cover unpaid debts. These plans are becoming increasingly common and may authorize the creditor to deduct funds each month, to deduct funds in a specific month, or to deduct funds in any month where payments are not recorded by a certain date. In any of these cases the debtor must consent to the plan in writing. If this is not done, the plan is illegal. Debit cards are also issued by financial institutions. A debit card allows funds to be withdrawn automatically (electronically) from the consumer's account with the institution. Automated teller cards (ATM cards) are debit cards, giving users direct access to their checking or savings accounts. MasterCard and Visa are also available as debit cards, allowing users to make purchases and have the cost automatically withdrawn from the account.

## Credit Repair Agencies

Credit repair agencies are people or companies who promise to improve a consumer's credit record history or who provide advice or assistance to a consumer regarding his or her credit record and are regulated by New York law. Although there are legitimate, not-for-profit credit counseling services, there are few, if any, legitimate credit repair companies. Credit repair cons are pitched in a variety of media, including television and radio ads, infomercials, classified ads, and on the Internet. The scams operate in two different ways. In the first, the credit repair operation falsely promises that truthful, adverse information, such as bankruptcies, late payment histories, and judgments can be removed from a consumer's credit report. But federal law allows credit bureaus, which compile consumers credit history information, to report all truthful information, including negative information for seven years (bankruptcies can be reported for 10). Credit repair operators cannot and do not get the information removed.

A second approach, file segregation, claims to create a new credit history for the consumer. Typically, the consumer is advised to apply for an Internal Revenue Service (IRS) Employer Identification Number, which has the same number of digits as a Social Security number and to use that in lieu of a Social Security number when applying for credit. File segregation operations are felonies. It is illegal to make false use of a Social Security number and to make any false statement to a federally insured financial institution when seeking credit.

## The Credit Repair Organizations Act

The Credit Repair Organizations Act (CROA) is a federal law designed to help consumers combat fraudulent credit repair operations by prohibiting CROs from making deceptive claims about credit repair services. Among the protections provided by this law, CROs are prohibited from taking money from consumers before services are fully performed. Also, CROs are required to give a written disclosure explaining your legal rights about your credit history before you sign any contract.