

Credit Repair: No Quick Fix

No matter what the reason - job loss, bad decisions, mortgage increases due to an adjustable rate, medical bills - when your credit is bad, you want to fix it quickly. However, don't let this desire cause you to fall prey to a credit repair scam!

Repairing your credit takes time and discipline. The quick fixes "guaranteed" by some credit repair "businesses" or some "credit counseling services" may simply be scams to get your hard earned money. Sometimes they even leave you in trouble with the law. No matter how you receive the promise of a quick fix, by TV ad, newspaper ad, mail, on the internet or by a call from a telemarketer, look out for common "hooks". Guaranteeing to fix your credit without even knowing your circumstances is an empty promise. Also, these so-called experts and phony counselors may be nothing more than crooks trying to steal your money or your identity. Some fraudulent companies will gather your personal information in order to clean out your bank account, put charges on your credit cards and commit any number of identity crimes. Protect your identity. Never give out your personal information to an unknown and unverified person.

It's a federal crime.

Sometimes these companies or "counselors" may suggest that you try to do something illegal, like invent a "new" credit identity or a "fresh start" and then, a new credit report by applying for an Employer Identification Number (EIN) to use instead of your social security number, or dispute all information listed in your credit report. It is a federal crime to lie on a loan or credit application, to misrepresent your social security number or to obtain an EIN from the Internal Revenue Services under false pretenses. Sometimes this is referred to as "file segregation". For more information, see *File Segregation: New ID is a Bad Idea* at www.ftc.gov/credit under *Credit Reports and Scoring*.

Don't believe these statements because often they serve as a hook for a scam:

- "Credit problems? No problem!"
- "We can erase your bad credit—100% guaranteed."
- "Create a new identity—legally."
- "Remove bankruptcies, judgments, liens and bad loans from your credit file forever."

Promises like these are designed to be a hook to consumers with credit problems.

Beware of these companies that promise, for a fee, to help you get a loan, mortgage, consolidate your debts, get a car loan, or even promise you a job. You can pay hundreds or thousands of dollars in fees and get nothing in return—some of these companies simply vanish with your hard earned money. Legitimate companies almost never guarantee in advance that you'll get a loan.

For more information about how to repair your credit, see *Your Access to Freed Credit Reports under Credit Reports and Scoring*.