

What's your FICO?

The letters stand for Fair Isaac Corporation, it is the best-known and most widely used credit score model in the United States, and it provides a snapshot of risk that banks and other institutions use to help make lending decisions. The FICO score from your Credit Report is calculated statistically with information from a consumer's credit files, and the calculations are made up of 35% Payment History, 30% Credit Utilization, 15% Length of Credit History, 10% Types of Credit used, and 10% Recent Searches for credit. A FICO score is between 300 and 850 and a bad FICO score has the potential of disqualifying you for loans, job promotions, and high-level security clearances (particularly within the military). On the contrary, applicants with higher FICO scores will generally be offered better interest rates on mortgages and other loans. According to United Credit Education Services, 79 percent of all credit reports reviewed contained either serious errors or other inaccuracies with regard to trade account and personal information, and there is a one-in-four chance that a consumer's credit report contains an error serious enough to cause them to be denied credit. All three of the Credit Repositories (Experian, Equifax, and TransUnion) offer free annual credit reports on their websites. If you haven't checked yours, you should! Checking your Report annually will not only help you catch errors, but it is also a great way to monitor your credit for Identity Theft.