What's In A Credit Report?

Credit reports are compiled by credit bureaus, often called National Credit Repositories—private, for-profit companies that gather information about your credit history and sell it to banks, mortgage lenders, credit unions, credit card companies, department stores, insurance companies, landlords and even a few employers.

To create a credit file for a given person, a credit bureau searches its computer files until it finds entries that match the name, Social Security number and any other available identifying information. All matches are gathered together to make the report.

To understand the credit process, you first need to understand what information is contained in a credit report. Although the style, format and coding may be different depending on which credit reporting bureau is used, the typical consumer's credit report includes the following four types of information:

Identifying Information

Includes your name, nicknames, current and previous addresses, Social Security number, date of birth, current and previous employers and/or spouses. This information comes from any credit application you have completed and its accuracy depends on your filling out forms clearly, completely and consistently each time you apply for credit.

Credit Information

Includes specific information about each account including the date opened, credit limit or loan amount, balance, monthly payment and payment pattern during the past several years. The report will show if an account has been turned over to a collection agency or is in dispute. The report also states whether anyone else besides you (i.e. a spouse or cosigner) is responsible for paying the account. This information comes from companies that do business with you.

Public Record Information

Includes federal district bankruptcy records, state and county court records, tax liens and monetary judgments and, in some states, overdue child support payments. This information comes from public records.

Inquiries

Includes the names of those who have obtained a copy of your credit report for any reason. This information comes from the credit reporting agency and it remains available for as long as two years according to U.S. federal law.

How They Use What They Know

A credit bureau score is one type of credit score. It is calculated from the information on your credit bureau file at the time that the information was requested. Consequently, a credit score is like a snapshot. It sums up, at one given point in time, what your past and current credit usage says about your future credit performance.

Credit scoring helps lenders apply one set of rules to everybody. The sophistication of today's models allows for certain behavior patterns. As a result, a 20-year-old's credit history would not be compared to a 45-year-old's credit history. One reason these scoring models are so widely used is because they can differentiate between the credit patterns of individuals.

Current Data Predicts Future Credit Performance

Scoring models and other tools analyze data only, using it to predict future credit performance.

A scoring model contains a list of questions and answers, with points given for each answer. Information proven to be predictive of future credit performance is used in the model.

Here are a few examples of what a typical model will consider:

→ Information from your credit application

→ How long you've lived at your address

→ Your job or profession

→ How much you owe

It will also consider information pulled from your credit bureau report, such as the number of late payments, the amount of outstanding credit, the amount of credit being used, the amount of time credit has been established. Credit scoring systems do not consider race, religion, gender, marital status, birthplace or current address.