



Consumer Fraud Alert

From the Office of Rice County Attorney

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Check Credit Reports Regularly for Inconsistencies

As a protection against identity theft, consumers are encouraged to obtain a free credit report once a year to check for any unusual activity. However, another good reason to do so is to make certain there are no substantial errors in the report. In a recent study conducted by the Federal Trade Commission (FTC), one in five consumers reported inaccuracies in their reports. If not corrected, such mistakes can result in lower credit scores which in turn can raise insurance and loan rates for the consumer.

The three credit reporting companies - Equifax, TransUnion and Experian use court records and financial data supplied by lenders and debt collectors to compile the consumer's credit report. However, each company differs in how this information is used and collected, and even in the type of information that is received. Also, not all agencies receive the information at the same time. Another common problem is the inconsistency in names consumers use over time when applying for loans. These factors often account for the differences in credit scores among the three companies and can negatively impact a consumer's credit rating. Even small oversights, such as a one-time late payment can trigger a lower credit score. Fortunately, under the Fair Credit Reporting Act (FCRA), consumers can clear up errors in their reports and dispute information such as inadvertent late payment fees. The FTC study found that one in five consumers who went through this dispute process had an error corrected on at least one of their credit reports.

Consumers are entitled to receive a free credit report from each credit reporting agency once a year. To receive a free report, go to www.annualcreditreport.com . However, anyone who has been a victim of identity theft or who suspects this is the case should obtain a report from a different agency once every four months to take advantage of this free opportunity. Note however, that the credit report does not include the credit score. Credit scores are provided separately and consumers must pay a fee.

Need help or have a question?

Call MNSCAMs: 866-347-0911 or Rice County Attorney's Office 507-332-5934

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