

Will the real FICO score please raise their hand!

Every year you do your due diligence and order copies of your credit reports so you can be sure that everything is in order and you've not been a victim of identity theft. Just for the heck of it you order your scores too. So far, so good – scores in the 700's. Now you're going to apply for a mortgage and the loan officer pulls your credit and your scores are in the 600's?! What happened? Possibly nothing...

Every industry has its own scoring models or scoring method. If you apply for a car, a credit card, a mortgage, even insurance – all use different scoring models and will have different scores, based on different parameters. Personal scores or those you get when you request your own credit report or scores, will almost always be the highest, but they are not used by any industry for any reason. I prefer to call them the “warm and fuzzy scores” to make us feel good about ourselves.

There are some scores that are not even true FICO (Fair Isaac Company) scores. One place you can get your FICO scores, short of a lender requesting it, is through www.myfico.com. But again, you receive personal FICO scores that are not industry driven.

What about www.annualcreditreport.com? This takes you to each individual bureaus website to obtain your credit. Those are FICO scores – right? Not necessarily. When you pull credit through Experian and order your scores you receive a Plus Score which is a score based on an in-house model developed by Experian not by FICO. The same is true for TransUnion; you are receiving an in-house model called a TransRisk score. If you want a FICO score from Trans Union you have to order it through their sister sight which is www.transunioncs.com. Equifax does provide a FICO score; however, they are still personal scores. The only way to obtain your mortgage scores is when you apply for a mortgage loan through a lender, bank, credit union, etc. They are set up with special codes that are used to pull your credit through the mortgage scoring models.

There are many websites that offer “credit scores”. Be careful since they are usually not true FICO scores but rather in-house score models, otherwise known as FAKO scores.

We've all seen the rather annoying guitar playing, table waiting gentleman on television who's been a victim of identity theft and is touting “freecreditreport.com”. This is an Experian based website and you will receive the Experian Plus score, which is not a FICO score. In addition, it's not free! You have to sign up and pay for their credit monitoring service to receive your “free” credit report. The TransRisk score is provided at “TrueCredit.com” and “PrivacyMatters.com”. Both may offer valuable services, but again, they are not true FICO scores.



Advantage Credit, Inc. Credit Reporting Services

Sharing Knowledge and Providing Old Fashioned Customer Service Since 1993

www.AdvCredit.com 1-800-670-7993

Be careful of “bankcard scores”. Washington Mutual/Providian will send you your score on your monthly statement. This is a true FICO score, however, it is a revolving score which will be different from a mortgage score and they are usually 30 days old by the time the cardholder receives the statement. Scores can change daily so they may not be very accurate. Why so many scores and why even bother to look at your score if they’re all going to be different? Each score model has factors that carry different weight depending on what they support. For example, when you apply for a credit card it will look primarily at past credit card history and balances, whereas a mortgage FICO score will lean towards previous or existing mortgage history.

When you sign up for a credit card or through some credit monitoring services you may receive a Vantage Score. This score was developed by the credit repositories (Experian, Equifax and TransUnion) and the score range is from 501-990. However, it is not accepted by Fannie and Freddie or used when applying for a mortgage loan.

Just remember, the most important scores are your FICO scores. If you decide to order your credit scores from any entity, if it just says “credit scores” and it doesn’t say FICO you’re not getting the real deal.

Mindy Leisure
Director of Product Development
Advantage Credit, Inc.
mindy@advcredit.com



Advantage Credit, Inc. Credit Reporting Services

Sharing Knowledge and Providing Old Fashioned Customer Service Since 1993

www.AdvCredit.com 1-800-670-7993