

Rescoring vs. Credit Repair

No, they are not the same thing! We have all seen the ads – a company can erase all your bad credit and within 30 days or less you can have an A+ credit score. True? In a skewed way, possibly, but only for a very short period of time. And can it actually back fire and hurt your credit score? You bet!

One of the prohibited practices of the Credit Repair Organizations Act is in Section 404 (4) (b) “Payment In Advance – No credit repair organization may charge or receive any money or other valuable consideration for the performance of any service which the credit repair organization has agreed to perform for any consumer before such service is fully performed.” Yes most credit repair companies charge \$200-\$400 up front before any “repair” is performed. How do they get away with this? Most will claim it is a sign up fee or service agreement fee but does not relate to services performed. By the text of the rule as stated by the FTC this is in direct violation of the Act.

How it works: When a dispute is submitted to the bureaus they have 30 days to investigate and respond to the dispute. A credit repair agency bombards the bureaus with multiple letters disputing the validity of an account. Because they receive so many letters in such a short period of time they don't really have the resources or time to reasonably investigate each request. In this case, chances are, after 30 days they will remove the disputed account as they have not been able to resolve the dispute within the 30 day period.

The majority of credit repair agencies have you pay a monthly fee and for that fee they send the same letters to the bureaus month after month. However once your contract is over and you stop making the monthly payments the letters stop. The creditors however, keep reporting and the majority of the information that was removed will now come back. What's worse is if any of those disputed accounts were collection agencies, the inquiries the bureaus sent them with the initial dispute could have triggered their systems to begin reporting you again. This will result in a more recent report date which could cause your scores to plummet.

Some credit repair agencies will even go as far as calling their services “rescoring” or “rapid rescoring”. Do not let yourself get pulled into this verbiage. It is simply not true. It is certainly not rapid as it can take 30 days or more to even start to see any of these temporary results.



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Rapid Rescoring is a legitimate way of getting information corrected at the bureau level in a very short period of time. And it is usually within 2-3 business days. And it is a permanent correction at the bureau level. This is not a service that can be performed by credit repair organizations as they have no permissible purpose to pull credit through the bureaus or to have access to their departments that deal with the rescoring. So who can perform this service? Third party credit reporting agencies whose clients are banks and mortgage companies and who do have permissible purpose. To learn more about rapid rescoring and how it works please visit our website www.advcredit.com and click on the red button on our home page!

Credit repair may sound good at the onset, but in the long run the client is going to end up paying a lot of money for nothing, or at the most, something that is very temporary.

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