

## **Paid Credit Repair vs. Free (D.I.Y) Credit Restoration**

Since the Great Recession of 2007, hundreds if not thousands of unscrupulous credit repair companies have opened their doors to separate consumers from their hard-earned wages with credit scams. The costs for services paid to these credit repair companies often last months or even years accumulating thousands of dollars from desperate less-than-perfect credit consumers.

There are several practices that are counter-productive and unprofessional because these strategies use a damaging method of “Disputing Everything.” Once there is a bump in a consumer’s credit increasing their scores, the consumer moves quickly to purchase a house, automobile, increased line of credit, or apply for other credit sensitive products.

To protect the buying public, credit bureaus in conjunction with the Federal Trade Commission (FTC) have been tracking dispute requests over the years to determine what organizations are practicing these behaviors. In the State of Georgia, protection agencies may consider these practices a misdemeanor.

Today’s consumers are smart, but often when a deal is “too-good-to-be-true” like the old saying states, consumers should understand that they are “too-good-to-be-true” and move away from these practices. Less-than-perfect credit consumers want what they want and the results can set some back for many years.

This statement was found at the Federal Trade Commission’s website, “The Credit Repair Organization Act (CROA) makes it illegal for credit repair companies to lie about what they can do for you, and to charge you before they’ve performed their services.” This law is enforced by the FTC.

What happens most times is the disputed credit entries that are “Accurate” and “True” are removed improving credit scores. Then the credit algorithms recycle the scores when the disputed entries reappear once the debt has been substantiated.

“Accurate” and “True” reporting is the landscape to credit and therefore, a crime of fraud can be alleged or committed when connected to acquiring a mortgage, automobile loans, credit cards, or other credit sensitive items. The impact is the restored negative credit would have possibly prevented the loan approval or resulted in a higher interest rate or fees to offset the risk.

The FTC and others like the Consumer Finance Protection Bureau (CFPB) and State Consumer Protection Divisions are warning the buying public of the severe consequences participating in fraud to receive undue credit. Fines and penalties and even in some cases, imprisonment, or both are happening.

The better term for fixing your credit is Credit Restoration. Both, federal and state laws give you the right to dispute incorrectly reported, outdated, or expired negative credit history. There are organizations to help you do this correctly and safely at no cost to you with “Do-It-Yourself” (DIY) how-to information and tools. Note, no charge should the public ever pay to correct their credit report.

Here’s how to find a reputable credit restoration organization. For example: if you live in Atlanta, Georgia, conduct a search at the Metro Atlanta Better Business Bureau website: <http://www.bbb.org/atlanta/accredited-business-directory/credit-and-debt-counseling>. Select “Category” and then type “Accredited Business Directory.” Next, type “Credit & Debit Counseling.” I would look for established companies in business for 9 or more years.

As a licensed Georgia mortgage loan officer and trained financial planner, I know that this information will give you the peace-of-mind to know that your less-than-perfect credit situation can be restored with the proper “DIY” how-to information and good old fashion personal accountability. In times past, individuals and couples could purchase homes and other large-ticket items by following sound credit coaching strategies and advice. Much success in your pursuit of higher credit scores and personal money management.