



# E-NEWSLETTER

## HOW TO FIX YOUR BAD CREDIT SCORE



A bad credit score has serious repercussions such as inability to get loans or getting loans that come with much higher interest rates because lenders view you as high risk. Also employers that check credit scores in their employment process may not want to engage you. The following are the steps that you can take to fix your bad credit score.

### Know Your Credit Score

The first step to fixing a bad credit score is to know your credit score. There is nothing worse than having a bad credit score and not knowing it because it still affects you negatively even when you are oblivious.

You can order your credit score by going to [www.crccreditbureau.com](http://www.crccreditbureau.com) and clicking on products and choosing CRC Credit Score. Your credit score is a three digit number that ranges from 300 to 850 with 300 being the lowest and 850 the highest. The farther you are from 850 the poorer your score is.

### Overcome Your Negative Payment History

Your payment history is contained in your credit report and you are entitled to one free report from the credit bureaus every year. Your payment history contributes 35% to your credit score. If your credit report contains several delinquencies, you'll need to pay the past due balances and start adding positive payments to your credit report. Open new accounts to start building a positive payment history if all your other accounts are closed. The key is to overshadow your negative payment history with positive payments.

### Lower High Credit Utilisation

A high credit utilisation means the balances on your credit cards and loans are high relative to the credit limit or original loan amount. The fix for a high credit utilisation is fairly simple – pay down those balances. Of course, this may take a lot of time if

you don't have enough money to bring your credit card balances within 10-30 per cent of the credit limit which is the best level for building a good credit score.



### Get a Mix of Credit

Your credit mix contributes 10% to your credit score. Having a mix of current accounts is important because it shows lenders that you have experience with different types of accounts. Credit cards are different from installment loans and if you can handle both of them well, you're a better credit risk than borrowers who've never had one or the other.

### Make Sure You're Using Old Accounts

The age of your credit history is 15 per cent of your credit history. The easiest way to improve your credit score in this area is to let your current accounts get older. Make sure you use your oldest current account periodically to keep it active. If you let the account go dormant, it won't be given as much weight in your credit history.

The amount of time since you first established a credit history is just one part of how credit scoring calculations look at your credit age. The average age of all your accounts is another factor. Opening a lot of new accounts can lower your average credit age, so don't open them unnecessarily. But definitely, open accounts as needed to help your credit score in other areas.

### Give It Some Time

It takes time for your credit history to recover from negative information. Be patient and check your credit score in a few months to know how well you are doing.