

Be Wary of Ads for Free Credit Reports and Scores

Those Internet, broadcast and print ads for free credit reports and scores seem friendly and helpful but their free offerings sometimes come with strings attached that can cost consumers money.

The U. S. Fair and Accurate Credit Transactions Act of 2003 (FACT Act) gave all consumers the right to obtain, every year, a free copy of their credit report from each of the three big credit bureaus—Equifax, Experian and TransUnion.

It is a good idea for consumers to get these reports every year, says Credit Professionals International (CPI), a non-profit credit education organization whose members work in the credit industry. They provide a way to monitor credit card and other loan activity and can be helpful in spotting suspicious activity that may indicate identity theft is involved. They also can be helpful in setting up and managing a budget.

But most of the websites promoting free products are actually sales vehicles for products and services, such as monthly “credit monitoring.” At these sites, consumers are offered a variety of packaged deals and can be misled into purchasing a package or product to obtain the credit report they are entitled, by law, to get for free, with no strings attached.

There is a central service where consumers can go to get their credit reports free. It was set up jointly by the three major credit bureaus when the FACT Act became effective. Here is how to access these free credit reports:

Online: www.annualcreditreport.com

Phone: 877-322-8228 (toll free)

Mail: Annual Credit Report Request Service
PO Box 105281
Atlanta GA 30347-5281

The FACT Act, however, does not cover credit scores. Most consumers don't need to know their credit score until they are applying for a mortgage or other large loan. But those who want their credit score will need to pay a fee for it, CPI says.

But not all credit scores are equal. Most lenders use the FICO credit score. This is the one consumers should get. It is only available, for a fee, at www.myFICO.com or www.Equifax.com.

Consumers who obtain their credit score from any other website are likely to get one based on other scoring systems, which generally don't correlate with the FICO score, often giving a score higher than FICO.