



Improving Your Credit Score

Build a stronger credit history with steady habits and accurate records

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If missed payments or growing balances have damaged your credit, rebuilding can feel discouraging. But your credit history can change, and there are practical steps you can take.

Start by finding out where you stand. Then concentrate on accurate reporting, timely payments, and manageable debt. The goal is greater financial flexibility and better borrowing terms—not a reason to take on larger payments.

Start With Your Credit Reports

Your credit report records your borrowing and payment history. A credit score uses information in that report to estimate lending risk. You may have different scores depending on the scoring model and the information available.

Review reports from Equifax, Experian, and TransUnion through [AnnualCreditReport.com](https://www.annualcreditreport.com). Free weekly online reports are available from the three nationwide reporting companies. These reports generally do not include a credit score. [The FTC explains how to obtain them.](#)

Look for unfamiliar accounts, incorrect balances, missing payments, and other errors. Reviewing your own reports does not lower your credit score.

Make On-Time Payments Your Priority

Payment history is a major factor in credit scoring. A dependable payment routine is one of the most useful habits you can establish.

- Put payment due dates on your calendar.
- Set reminders before bills are due.
- Consider automatic minimum payments if your account reliably has enough money to cover them.
- Pay more than the minimum when you can, and work toward paying credit card statement balances in full.

You do not need to carry a balance or pay interest to build credit. If you're struggling to make payments, contact the creditor promptly rather than waiting for the problem to grow. [Read the CFPB's guidance on rebuilding credit.](#)

Keep Credit Card Balances Manageable

Credit utilization is the percentage of your available revolving credit that you're using. A reported balance of \$500 on a card with a \$2,000 limit represents 25 percent utilization.

Lower utilization generally helps, but 30 percent is not a magic dividing line between good and bad credit. Scoring models consider several factors, and both individual-card balances and overall utilization can matter. [FICO explains the limitations of the 30-percent rule.](#)

Focus on keeping charges affordable and paying down existing balances. Don't treat your credit limit as a spending target.

Add New Credit Only When It Serves a Purpose

If you have little credit history, a carefully chosen secured credit card may help. These cards generally require a deposit. Compare fees and confirm that the issuer reports payment activity to the nationwide credit reporting companies. [See the CFPB's credit-building guidance.](#)

Avoid taking out a personal loan solely to chase a higher score. Having different types of credit can influence scoring, but unnecessary interest and new obligations may outweigh any benefit. [FICO discusses credit mix and new accounts.](#)

Apply selectively. Several new accounts in a short period can work against your efforts to establish a stable record.

Think Before Closing an Older Card

An older account in good standing may be worth keeping if it has manageable terms and doesn't encourage overspending. Closing a card can reduce available credit and increase your utilization.

But preserving a score should not require paying an unreasonable annual fee or keeping an account you cannot manage. Weigh the financial benefits and costs. If you keep a seldom-used card, continue reviewing its statements. [The CFPB explains how closing a card may affect credit.](#)

Dispute Errors With Supporting Records

Challenge inaccurate information with both the credit reporting company and the business that supplied it. Explain the error clearly, include copies of supporting records, and keep a record of your submission.

Examples worth investigating include:

- Accounts you never opened.
- Payments incorrectly reported as late or missed.
- Incorrect balances or credit limits.
- Duplicate entries for the same debt.
- Accounts that do not accurately reflect a bankruptcy discharge.
- Negative information reported beyond the applicable time limit.

If an unfamiliar account suggests identity theft, use [IdentityTheft.gov](#) for recovery guidance. [Follow the CFPB's dispute instructions.](#)

Understand What Can—and Cannot—Be Removed

Most negative payment information can generally remain on a credit report for up to seven years; bankruptcies may remain for up to ten years. The rules depend on the information involved. Paying a debt does not necessarily erase its history immediately. [Review the CFPB's reporting-time guidance.](#)

Dispute genuine inaccuracies, rather than repeatedly challenging correct information in hopes that someone won't verify it. You can dispute errors yourself for free. Be skeptical of anyone promising to erase accurate, current negative information. [Learn about the limits of credit repair.](#)

Measure Progress Over Time

Credit improvement rarely follows a straight line. Review your reports periodically, check that corrections appear, and keep building a record of manageable balances and timely payments.

A stronger credit history may improve your borrowing options, but it does not guarantee approval. Nor does it guarantee a better job: employment screening is a separate process, and an employer must obtain your written permission before getting an employment report. [The CFPB explains employment checks.](#)

Your credit score is a financial measurement, not a judgment of your worth. Concentrate on the habits you can sustain, correct the information that is wrong, and give your record time to reflect your progress.