The Top Five Credit Score Myths That Could Hurt Your Credit.

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Credit Score Myths.

HOUSTON, TEXAS, USA, May 5, 2017 /EINPresswire.com/ -- [The Top Five Credit Score Myths.]

How your credit score is calculated, and how your credit score is derived, has created a lot of myths on these two outcomes. We will attempt to clear up any confusion and misinformation out there regarding credit reports.

Myth #1: Checking Your Credit Report Will Hurt Your Score.

There are two types of credit checks: hard pulls and soft pulls. Hard pulls are the kinds of checks that banks, auto loan companies, and other types of lenders perform when they are trying to determine your suitability for their credit offering--more commonly known as your "creditworthiness". Usually, a hard pull will dock your score a few points.

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>
> *Patrick Mansfield*

Soft pulls, on the other hand, are checks that are made that do NOT pertain to credit applications. Soft pulls never hurt your credit score, which means that you can check your own credit report freely without fearing repercussions.

Myth #2: A Low Credit Score Prevents You From Getting Hired.

Nowadays, it is commonplace for most employers to perform a credit check as part of the credit process. The information used in a credit report include, your social security number, previous addresses, payment history, and any liens or judgements against the applicant. The employer must get your consent to pull your credit report. [Please read consumer rights when an employer pulls your credit report.]

Most credit checks performed by employers are in place to make sure that an individual doesn't have major delinquencies, bankruptcy, or other stiff "black marks" on their report that would display a lack of integrity or discretion. Simply having a credit score on the lower side shouldn’t hurt your employment chances.

Myth #3: Closing Bank Accounts Can Hurt Your Credit Report.

A credit score is based on interaction with credit. Since checking and savings accounts have nothing to do with credit usage, opening and closing bank accounts cannot hurt your credit score. This does not apply to Credit Card accounts. It’s normally best to close out the newest account first, and holding on to the oldest account.

Myth #4: You Must Have High Income to Have Good Credit.

It seems sensible that a person who makes $10k per year and has $40k in available credit would be a huge risk to any creditor out there, while a person who makes $100k per year and has $5k in available credit would not be. In fact, this is true.

However, a commonly believed myth is that your debt-to-income ratio plays a part in determining your credit score. This couldn't be farther from the truth. How much money you have in the bank doesn't play a role in determining your credit score. How responsibly you use the credit that is available to you does.

Myth #5: It's Good to Get Rid of Accounts That You Don't Use.

Potentially the most dangerous myth out there is that you should close accounts that you don't regularly use. This is horrible advice! One of the main factors that determines your credit score is your credit history. The longer that you have had credit and used it responsibly, the less of a risk that you pose to potential creditors.

Unfortunately, whenever you decide to close outstanding credit accounts you are actually reducing the amount of available credit history that potential lenders can review to determine your creditworthiness. As a result, you should only cancel an old account when it really makes sense to for some other kind of reason.

More Information On Annual Credits Reports - Go Here.

Patrick Mansfield
Info Seek Media, Inc.
8329473607
email us here
