

New Guidelines For Consumer Credit Score Calculations.

Whether your credit score runs high or low, take note: the formula that calculates your score is about to get a facelift. New changes to go into effect July 2017.

HOUSTON, TEXAS, UNITED STATES, July 2, 2017 /EINPresswire.com/ -- [New Guidelines For Consumer Credit Score Calculations.](#)

Whether your credit score runs high or low, take note: the formula that calculates your score is about to get a facelift.

Substantial differences include:

Use of trending data

Outlook on credit card limits

Elimination of Determinants like medical debts

Established by the credit bureaus Experian, TransUnion, and Equifax, the company VantageScore will

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Patrick Mansfield



New Credit Report Rules

Trended Data

“Trended data” will track the progress of a borrower's monthly debts. That means that if you pay down your debt month by month, your credit score will improve more quickly than those who pay the minimum amount and don't make a dent on their credit card balance. According to industry insiders, the credit

industry has considered using trended data meaningfully for years.

This data affects those with high scores more than low because it attempts to predict future behavior.

According to Sarah Davies, the Senior Vice President for research, analytics, and product development at VantageScore, even if you don't have bad behavior on your file, “a trajectory provides very powerful information.”

Credit Card Limits

In the past, you may have kept credit cards open to improve your score, since the formula benefited those with more available credit. For example, if you had \$5,000 debt with a \$50,000 limit, you would have scored better than someone with \$2,000 in debt and a \$10,000 limit.

VantageScore's new credit score method shakes this all up. Large credit card limits will mark you negatively since it increases the possibility of running up credit card debt dangerously quickly.

This change will most dramatically impact those with prime credit scores who have multiple cards open. People who strategically use credit card rewards systems may feel the effect as well.

These formerly vexing negative credit factors are gone for good from FICO Scores.

Tax liens

Medical debts (Less than 6 months old)

Civil judgments

Three credit bureaus and 31 credit agencies made an agreement in 2015 to take these out on the argument that civil judgments and tax liens often contained many errors. The system will also rule out medical debt, which agencies may report to credit bureaus before the insurance companies reimburse.

You may experience a credit increase of as much as 20 points or higher if you have these elements on your report. Delinquencies and debts that have gone to collection, however, will continue to affect your score.

What action can you take if the above listed negative information is not removed? You can submit a request to the reporting agency, but keep in mind this isn't an amendment to the Fair Credit Reporting Act, this is just a voluntary action the bureaus are taking.

More On Credit Report And Scores:

[Annual Creditb Report](#)

[Consumer Information On Credit Reports And Credit Scores.](#)

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