FICO First Lord Explains How Zero Debt Translates into a 52-Point FICO Loss

Fair Isaac's general-purpose FICO scoring algorithms can lower scores for millions who fail to "carry" balance(s) at the time of scoring, Credit Czar confirms

SAN RAFAEL, CA, USA, November 1, 2017 /EINPresswire.com/ -- SubscriberWise®, the nation's largest issuing consumer reporting agency for the communications industry and the leading protector of children victimized by identity fraud, announced today the company chief executive officer, David E. Howe, his recently published personal FICO scores and consumer reports. Today the global credit baron is offering additional and focused consumer credit explanation as it relates to a loss of points when utilization is absent at the moment of scoring.

The Fair Isaac procured personal consumer reports offer insight - with indisputable proof - that the dominant general-purpose FICO scoring models will unfavorably impact the calculation of

Howe obtains perfect FICO scores at Equifax, Experian, and TransUnion

Howe obtains perfect Vantage Scores at Equifax, Experian, and TransUnion

a FICO score for failing to 'carry' an installment loan month-to-month. A similar consequential - or adverse impact - will result from a consumer report that is scored with no reported revolving balance owing (assuming favorable utilization, an established account, and positive payment history among other predictive FICO 'leaves')
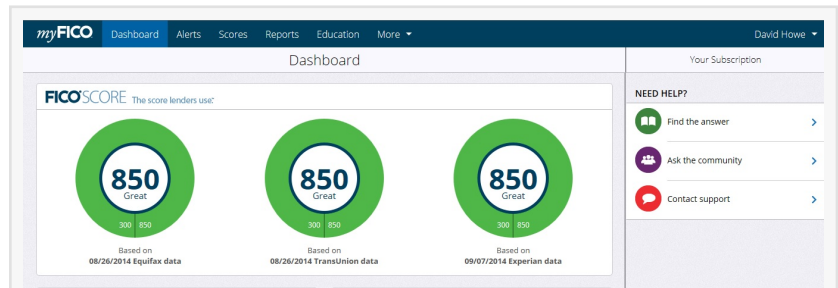
> "
> Scoring, in its simplest form, is nothing more than rank-order technology to determine if any account will reach a threshold of delinquency over a certain period of time"
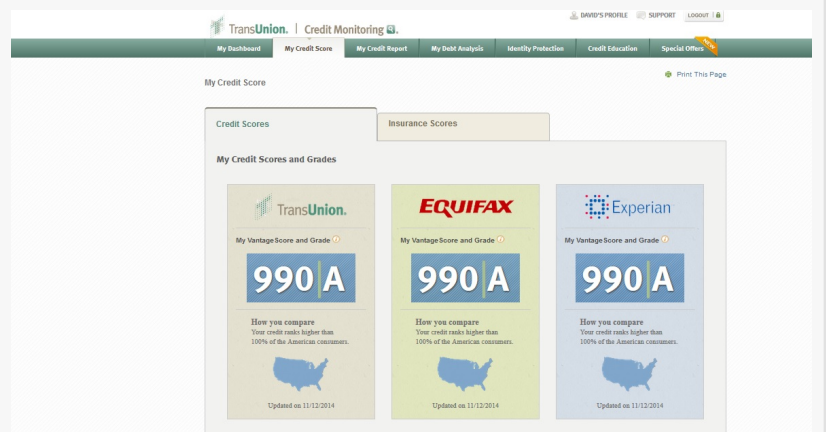> *Credit Grand Poobah and FICO First Lord David E. Howe*

"For a large segment of the adult credit consuming population, it seems counter-intuitive, perhaps ridiculous, that a credit score would go down when every account contained on the consumer report is scored -- at the very moment when all accounts happen to be paid-in-full and paid-as-agreed," stated David Howe, SubscriberWise president, FICO Certified Professional, and USA Credit Czar.

"In other words, despite this seemingly irrational reality, it's a fact that having more outstanding and reported debt can - and does - result in lower FICO scores under a number of FICO scorecard scenarios. And more perplexing than more outstanding debt, having no debt reported will

actually result in an even lower score when compared to a 'mix' of credit scored with favorable debt-to-credit tradelines.

"In my own case, the loss was a significant 52 points when the file was scored with zero amounts owing across all tradelines," confirmed Howe. "In fact, what may arguably support Dave Ramsey's line that FICO is an 'I love debt score', at the time I reached the 850-point perfect FICO Score 8 'general-purpose model' maximum, my indebtedness was nearly $30,000.00 between a single mortgage and one revolving credit card. The credit card had just under 3 percent utilization during that time.

Following are two personal credit reports and FICO scores procured from Fair Isaac to prove the point that no reported debt can translate into a significant FICO drop:

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TransUnionFICO_Full_No_Debt_52_Point_Loss.pdf: https://www.docdroid.net/2v3lSeI/transunionfico-full-no-debt-52-point-loss.pdf

Howe obtains perfect FICO 850 at SunTrust Bank, proving the existence of lender-based perfect scores

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TransUnionFICO_Full_Revolving_Balance__37_Point _Increase.pdf: https://www.docdroid.net/NbZyrMH/transunionfico-full-revolving-balance-37-point-increase.pdf

"Although I don't have the evidence to substantiate the same 'significant' negative impact for every FICO scorecard and every possible scenario, it's reasonable to assume that this scoring dynamic will remain consistent for most - if not all - credit circumstances," continued Howe. "To be certain, FICO reason factors (federally required disclosure with Risk Based Pricing and Adverse Action notices for scorable files) offer consumers the following when any of the factors impact the calculation of the score:

·   Lack of recent bank revolving information

·   No recent non-mortgage balance information

·   Lack of recent installment loan information

·   Lack of recent bank revolving information

·   No recent revolving balances

"Consumers should understand that a loss of points in this often-perceived-counter-intuitive situation is the result of predictive analytics," explained Howe. "Scoring, in its simplest form, is nothing more than rank-order technology to determine if any account will reach a threshold of delinquency over a certain period of time. And despite comments from conspiracy-theorists and others who may have a bias against scoring, including Mr. Ramsey's 'I love debt score', it's not because FICO and model

developers want to confound the nation's credit consumers.

"Rather, in the absence of responsible and favorable credit utilization, the scoring algorithm deducts points. To put it another way, the scoring algorithm will add points when debt is outstanding and responsible and favorable utilization are indicated also.

"The explanation for this scoring rule flows out of a statistical evaluation of millions of consumer credit reports," Howe said. "The data demonstrate that files with an active 'mix' of credit (i.e. an installment loan with a balance owing and a reported low-balance credit card obligation 'carried' or 'reported' over to the next month), this scenario is most reliable from the predictive standpoint and future payment behavior, a least according to the latest general-purpose FICO models.

"It's a point worth noting that predictive analytics and rank-order technology flow form highly refined and sophisticated processes that evolve over time and with changing economic and financial realities (i.e. FICO 8 vs. FICO 9; Vantage model updates). These processes are created by highly trained and experienced - often PhD educated - mathematicians, statisticians, scientists and other experts who have no interest other than making their models highly accurate.

"For the record, it should be known that even after the 52-point drop, the FICO score remained 'super-prime' and would qualify for the most favorable terms across all known credit products on the banking and financial market today. Nevertheless, understanding the granular details that determine how to control and maximize a credit/FICO score should be a pursuit for all who live and consume and play by the rules of the road. Yes, knowledge is power when it comes to any technology that impacts or controls financial lives in the way that credit can today," concluded Credit Czar Howe. Learn, Learn, Learn!

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