

# HOW DO CREDIT REPAIR COMPANIES WORK?

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Many of us strive for good credit, mostly because our credit reports and credit scores have a large impact on financial decisions that affect our lives. What's on our credit reports can impair our opportunity to obtain a loan, or how to get a [secured credit card](#) with bad credit, a good interest rate, a competitive insurance premium, and even getting a job.

Credit repair may be enticing to those with poor credit reports and scores as a means of resolving credit issues. However, as you've seen, there are various smarter options to reconstruct your credit.

When a third party, often referred to as a credit repair organization or credit services organization, tries to have data detached from your credit reports in lieu of payment, this is referred to as credit repair. These businesses are for-profit, and their services are brought to market as being prepared to assist people in improving their credit. Credit repair is legal at both the federal and state levels (in Georgia, credit repair is a misdemeanor).

Why do credit repair companies recommend **Secured Credit Cards** over unsecured credit card for bad credit

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On your behalf, credit repair companies are always there to resolve your credit issues; they communicate with credit bureaus or with companies that disclosed or “furnished” your credit information to the bureaus. The data furnishers refers to financial services companies or debt collectors such as banks and credit card issuers.

The most important goal of credit repair companies is to have credit bureaus or providers either delete or modify credit information in a way that benefits the consumer. The medium of communication between you and credit repair companies could be via the internet, phone or US mail. Historically, for several reasons, credit repair companies preferred to use US mail.

# Avoiding Credit Repair Scams

Whilst also legitimate credit repair businesses can achieve on their pledges, the industry is riddled with swindlers. Here are the lists of some red flags to check from The Consumer Financial Protection Bureau, such as if the company:

-Ensures that all damaging feedback on your credit report will be eliminated. Always keep in mind that no people can have accurate information removed from your credit report, this is a huge red flag if the company claims to be able to do such a thing.

-Even accurate information should be contested. It is always a fraud if you happen to dispute information that you know is correct.

-Makes you feel obligated to pay in advance. Please be aware that the legitimate credit repair company will not request payment before it has completed any work. It is illegal under the federal Credit Repair Organizations Act.

## **Do Credit Repair Companies Really Work?**

Legit credit repair companies can ensure that false data is excluded from your credit reports so that it does not harm your credit score. There is nothing a credit repair company can do that you can't do yourself, it's better to check your credit reports on your own. The procedure has always been free. Also, keep in mind that accurate negative information on your credit reports will be automatically removed after seven to ten years.

