

# DEPENDENTS AND CREDIT HISTORIES



**Office of the Staff Judge  
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Eielson AFB, Alaska**

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Legal Assistance & Preventive  
Law  
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## INTRODUCTION

Each year, many dependents not employed outside the home are denied credit because their credit history is incomplete. A good credit history is the way most companies predict your future success using credit. The record of your payment on credit cards, charge accounts, installment loans, and other credit accounts is how you get a “track record.”

## KNOW YOUR RIGHTS

Two federal laws provide specific rights that help protect your credit history and make it easier for you to obtain credit:

- The Equal Credit Opportunity Act (ECOA) prohibits creditors from discriminating against credit applicants on the basis of race, color, religion, national origin, sex, marital status, because an applicant receives income from a public assistance program, or because an applicant has in good faith exercised any right under the Consumer Credit Protection Act. The ECOA also requires creditors to provide applicants, upon request, with the reasons underlying the decisions to deny credit. 15 USC 1691 et seq.

- The Fair Credit Reporting Act (FCRA) protects consumer privacy and safeguards the accuracy of credit bureau reports. FCRA also gives you the right to get your credit score from the national credit reporting companies. 15 USC 1681 et seq.

## CREDIT SCORING

Credit scoring is a system creditors use to help determine whether to give you credit. It may also be used to help decide the terms you are offered or the rate you will pay for the loan. Information about you and your credit experiences, like your bill-paying history, the number and type of accounts you have, whether you pay your bills by the date they are due, collection actions, and outstanding debt, is collected from your credit report.

## CREDIT REPORTS

An amendment to the FCRA requires each of the nationwide credit reporting companies – Equifax, Experian, and TransUnion – to provide you with a free copy of your credit report, at your request, once every 12 months. The three nationwide credit reporting companies have set up one website, toll-free telephone number, and mailing address through which you can order your free annual report. To order, visit [annualcreditreport.com](http://annualcreditreport.com), call 1-877-322-8228, or complete the Annual Credit Report Request Form and mail it to:

Annual Credit Report Request Service  
P.O. Box 105281  
Atlanta, GA 30348-5281

You may order your reports from each of the three nationwide credit reporting companies at the same time, or you can order only one or two.

## IMPROVING YOUR CREDIT SCORE

Credit scoring systems are complex and vary among creditors or insurance companies and for different types of credit or insurance. If one factor changes, your score may change – but improvement generally depends on how that

factor relates to others the system considers. Only the business using the system knows what might improve your score under the particular model they use to evaluate your application.

Nevertheless, scoring models usually consider the following types of information in your credit report to help compute your credit score:

- Have you paid your bills on time?
- Are you maxed out?
- How long have you had credit?
- Have you applied for new credit lately?
- How many credit accounts do you have and what kinds of accounts are they?

## **CORRECTING ERRORS**

Under the FRCA, both the credit reporting company and the information provider (that is, the person, company, or organization that provides information about you to a credit reporting company) are responsible for correcting inaccurate or incomplete information in your report. To take advantage of all your rights under FRCA, contact the credit reporting company and the information provider.

## **GIVE YOUR BEST REFERENCES**

List your best credit accounts, open and closed, on any credit application -- including accounts you shared with your spouse or former spouse.

Ask the creditor to consider the credit history of accounts that are reported in your spouse's or former spouse's name only. The creditor must consider this information if you show it reflects your ability to manage credit.

If your spouse's credit history on a shared account was bad, the company will consider that credit history yours as well. If any previous

history was unfavorable but does not accurately reflect your creditworthiness, explain this to the creditor.

## **CREDIT HISTORY FOR MARRIED PEOPLE**

The ECOA states that when creditors report histories to credit bureaus or to other creditors, they must report information on accounts shared by married couples in both names. This is true only for accounts opened after June 1, 1977. If you and your spouse opened an account before that time, ask the creditor to use both names.

## **ASK QUESTIONS IF DENIED**

If you are denied credit, the ECOA requires that the creditor give you a notice with the specific reasons your application was rejected or the news that you have the right to learn the reasons if you ask within 60 days. Ask the creditor to be specific: Indefinite and vague reasons for denial may violate the ECOA. Accept reason might be “your income was low” or “you haven’t been employed long enough.”

Sometimes you can be denied credit or insurance – or offered less favorable terms – because of the information in your credit report. In that case, the FRCA requires the creditor or insurance company to give you a notice that includes, among other things, the name, address, and phone number of the credit reporting company that supplied the information. If a credit score was a factor in the decision to deny you credit or to offer you terms less favorable than most other customers, the notice will also include that credit score.

**This pamphlet provides basic information on dependents and credit history. It is not intended to take the place of legal advice from a Judge Advocate. There may be important exceptions in some states to the information presented here. Please contact the 354th Fighter Wing Legal Office for questions and further information.**

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