

# Credit Fix Scams and How to Avoid Them

There are many legitimate organizations that help consumers fix their credit, but countless more are just waiting to take advantage of those needing help.

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In today's world of easy credit and consumer choice, bad credit and heavy debts are not uncommon. For many people, debt and credit problems go too far to be manageable. If you are looking for help with these problems, beware of several common credit-fix scams. First, you need to understand that if there are errors on your credit report, such as debts that aren't yours, you can fix these errors yourself and for free. But, if your report is correct and simply contains information that you wish wasn't yours, there isn't a lot you can do. Creditors can keep debts on your credit report for seven years, and there is no magic spell that will make them go away.

Keeping that in mind, watch out for the following, as presented recently by Bankrate.com:

**1** We speak the credit bureaus' language or know some secret regulation that can make unappealing items on your credit report vanish.

Remember that there is no such thing as a secret formula that can make correct but unappealing citations on your report go away. Some companies offering these services will just take your money and disappear. Others will bombard credit bureaus with frivolous disputes, and while these items are under investigation, they may temporarily be omitted from your report, after which they will return. The company, however, will show you your miraculously "clean" report and collect its fee. Also, keep in mind that the Credit Repair Organizations Act forbids any company from accepting money until after it does what it has promised, says Susan Grant, director of the National Fraud Information Center. Remember that scams will usually ask for money upfront.

**2** We'll convince the creditor that you don't really owe the debt.

This works similarly to the first scam. Companies will concoct a scheme for you to challenge the debt or will claim that they will issue a deluge of procedural requests that will persuade the creditor to drop the claim. "Federal agencies have described these schemes as bogus," says Deanne Loonin, staff attorney with the National Consumer Law Center. If you believe that you may actually have a defense with regard to a debt, you should consult a lawyer.

**3** We will get you a brand-new, clean credit file. Remember that this is always illegal.

Companies may try to persuade you to apply for a new taxpayer identification number or employer identification number for the purposes of building a new credit history. This is a felony. Be especially vigilant of this one, because you may not realize what you are being asked to do because part of the con is not to explain the entire scheme. Besides being illegal, the "new" credit report would still list your name and address, which would still be connected to your old debts.

**4** Call our 900 number for details on our credit-fix strategies.

This can be combined with any scam, and more than likely, the con artists will try to keep you on the phone as long as possible, extending huge per-minute charges.

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**We'll clean your credit fast and use our contacts to get you a credit card, mortgage or loan.**

This is a newer scam, and one of the most costly. Consumers who really need money or loans are especially susceptible to this, and can be persuaded to pay huge amounts to the scam. Some companies mimic credit-counseling agencies or mortgage companies, and will hit you up again and again, until you have nothing left. Since there are legitimate non-profit groups that help educate consumers with regard to their credit, it is best to keep a tight hold on your wallet and be wary of any quick-fixes or big promises. A little reference-checking on the Internet should quickly reveal the legitimacy of any companies.

Generally, be wary of companies that initiate contact, outrageous promises or huge fees. You should also be careful of two common mistakes that are not scams, but are costly. Refinancing your home to pay off credit cards is a bad idea since your home is now on the line. Also, since you are entitled to free copies of each of your credit reports annually, be careful of companies that ask you to pay for them.

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