

Can You Really Improve Your Credit Rating?

Your credit rating is a vital factor in determining what kind of loan or credit card you can expect to receive, or indeed whether you have a chance of having an application approved at all. Unfortunately for many people, it is all too easy to cause damage to your credit rating either through financial misfortune such as losing your job, or perhaps more commonly, by building up debts in the naivety of youth which then become difficult if not impossible to repay in a timely manner. Missing payments on loans or credit cards will leave a black mark on your credit file, thus lowering your credit rating, and defaulting on finance altogether will have an even worse effect. If you find yourself with a poor credit rating, you may be tempted by the advertisements you'll no doubt have seen plastered across the web which promise to rebuild your credit rating and solve all your credit problems at a stroke. Does this maybe sound too good to be true? Many of these schemes are at best dubious and unlikely to achieve the promised results, while others are at worst outright illegal as they advocate the use of fraudulent techniques to leave your old credit persona behind. So is there anything you can actually do to improve a damaged credit rating? The first thing to do is to obtain a copy of your credit file from one of the major credit reference agencies. There will be a small fee for this, but you have the legal right to see all the data which is held on it. Check it over carefully to see if there are any small outstanding debts which you've overlooked, and can be repaid without too much difficulty, removing these default notices from your file. Also ensure that all the information on your file is correct and complete, paying special attention to any debts marked outstanding which you think you might, in fact, have cleared - it's far from unknown for a cleared debt not to be accurately reflected on your file, leaving your credit score worse than it really should be. If you find any such errors, and can prove that a mistake has been made, the credit reference agencies must by law correct the information. Now that you've cleared any overlooked debts and made sure that your file is up to date and correct, you need to start to take active measures to improve your rating. It is unfortunately impossible to remove genuinely adverse information from your file until it expires naturally, which can take up to seven years depending on the nature of the offence. What you can do, however, is to add 'good' information to balance the 'bad'. The most effective way to do this is to take out a form of financial service which you are almost certain to be accepted for - a high APR credit card specifically aimed at people with poor credit is a good example. A no-frills bank account which allows no possibility of going into debt is another. The trick is to make sure that this new product you take out reports your activity to the credit reference agencies. Thus, by operating the account responsibly and not missing any repayments or otherwise getting into trouble again, you will slowly begin to build up the number of positives in your file. It's by no means a magic bullet and it requires time and patience, but slowly your credit score will begin to improve to the extent that you can consider applying for a more advanced form of credit, and steadily work your way back towards a neutral or even good credit rating.

About the Author

Martin writes for ADM Online, who offer [bad credit loans](#), both [secured](#) and unsecured, to people from a wide range of circumstances.

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