

CONSUMER'S EDGE

CONSUMER PROTECTION DIVISION, MARYLAND OFFICE OF THE ATTORNEY GENERAL

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CREDIT REPAIR SCAMS

“If You Could Buy ‘Good Credit’ for \$179 You Would, Wouldn’t You?”

This headline prompted several consumers to file complaints with the Consumer Protection Division. The words appeared on a flyer enticing consumers to pay for credit help. Many similar advertisements continue to lure consumers with promises of clean credit ratings. Despite its promises, you can’t buy good credit.

In a time when more and more people are struggling to keep their heads above water, credit repair scams flourish. **But if you have bad credit, only time, patience, and timely repayment of debts will earn you a clean slate.**



Offers to Repair Your Credit Record

You might find a flyer under your windshield wiper or see an ad in a newspaper, on television or on the Internet offering to clean up your credit problems. If your credit history stops you from getting loans or credit cards,

this may seem like a blessing – but beware. Even if credit repair organizations were able to legitimately help you improve your credit rating, state and federal law prohibit these companies from charging any fees in advance of providing services, so steer clear of any credit repair business that asks for payment upfront.

If you have been unable to repay loans or pay bills on time, this is reflected in your credit history. Lenders and credit card issuers check your credit history before approving new credit, so it is likely you will have difficulty obtaining financing until your credit record is mended. You have to re-establish good credit by paying off your current debt and then showing, over a period of years, that you are able to pay your bills on time. The amount of time it takes to re-establish good credit varies from three to 10 years, depending on how bad your situation is. If you must declare bankruptcy, for example, re-establishing credit will probably take seven to 10 years.

It’s a good idea to check the accuracy of your credit report periodically. You can obtain a free copy of your credit report through www.annualcreditreport.com or by calling 1-877-322-8228. The Federal Fair Credit Reporting Act allows consumers to receive a free copy of their credit reports once a year from each of the three Credit Reporting Agencies. In addition, Maryland law gives its residents the right to a free annual copy of their credit report. This means you can review your credit report six times a year for free (two free reports from each agency). For more information about your credit report and to order your free credit report under State law, consumers may individually contact the three major credit reporting bureaus at the following numbers:

- **Equifax**, 800-685-1111 or www.equifax.com;
- **Experian**, 888-397-3742 or www.experian.com;
- **Trans-Union**, 800-888-4213 or www.transunion.com.

If your poor credit rating is a mistake – if someone has erroneously reported that you failed to pay a bill



or repay a loan – you can have your record repaired at no cost. The credit bureau will tell you how.

Bogus Credit Card Offers

A Baltimore consumer received a phone call one evening saying she had been approved for a Visa or Master Card. All she had to do was make two calls to a 900-number and the credit card of her choice would be mailed to her. She called the number as instructed but never received a credit card. She did receive a bill from the phone company for \$50 for the two calls.

The offer goes like this: You pay a fee and the company will provide you with a bank credit card – Visa or Master Card. Sometimes you must call a 900-number, for which you will be charged up to \$50. Sometimes you are told to send a money order.

However, after you send the money or call the 900-number, you may well receive nothing. Or, you may receive a list of banks that offer credit cards – information that does you no good and is available at no cost. Beware of these scams. If no bank will approve you for a credit card, this company is not likely to do so either.

What some companies provide is a “credit card” good only on their own merchandise. They tell you if you buy from them using their credit card and pay the bills promptly, you will establish credit. But the merchandise is usually overpriced and using this card does little to help you establish credit.

Generally, your best bet is to steer clear of companies or individuals offering to help manage your debt for a fee.

Credit Help is Available

If you are having difficulty getting credit, have a bad credit rating or are deeply in debt, a number of agencies may be able to help.

If you’ve been the victim of a scam or you’re having problems with a debt collection agency, the Office of the Commissioner of Financial Regulation can review your problem and explain your credit rights. You can reach that agency by calling 410- 230-6100 or visiting the website at www.dllr.state.md.us/finance.

Do not wait until your creditors start calling to get help. If you realize you can’t pay your monthly bills, contact your creditors immediately and arrange a special payment plan that allows you to make smaller payments or



skip a monthly payment. If your creditors accept new payment terms, be sure to get that agreement in writing.

If it looks like your financial difficulties will last a long time, consider seeking some help from the following:

- The Maryland branch of CCCSMD, a nationwide, non-profit agency, will try to help you iron out your debt problems. You can reach CCCSMD by calling 1-800-642-2227 or by going to their website at www.cccsmd.org.

In many cases, people or businesses that offer to help repair credit histories or arrange additional credit must be licensed and bonded in Maryland. To verify that a company is licensed in Maryland, call the Division of Financial Regulation.

HOW TO CONTACT US

Consumer Protection Division

200 St. Paul Place, 16th Fl., Baltimore, MD 21202

- **General Consumer Complaints:** 410-528-8662
Toll-free: 1-888-743-0023 TDD: 410-576-6372
9 a.m. to 3 p.m. Monday-Friday
www.marylandattorneygeneral.gov/Pages/CPD/
- **Health Consumer Complaints:** 410-528-1840
Toll-free: 1-877-261-8807 TDD: 410-576-6372
9 a.m. to 4:30 p.m. Monday-Friday
www.marylandcares.org
- **For information on branch offices** in Largo, Salisbury, Hagerstown, and a full list of offices across Maryland, visit: www.marylandattorneygeneral.gov/Pages/contactus.aspx

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