

# Credit Repair Companies Affect Financial Institution

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## 0 - Credit Repair Companies Affect Financial Institution

This is a term referring to the action taken to correct the state of a persons credit. Causes for the need for credit repair can include previous poor credit management, finding errors on a credit report, or the terrible effects of identity fraud.

Actions taken during the process of credit repair might be the improvement of financial behavior or filing disputes with credit bureaus. Depending on the severity of the case, professional legal and financial counsel should be retained to resolve the issue.

Individuals can contact creditors and credit bureaus directly to dispute credit errors for free. Each business might have its own process and guidelines so contact the business involved directly and ask for their specific dispute procedures.

Trying to dispute and resolve errors can be time-consuming and cumbersome. Many people find the experience too frustrating and turn to credit repair companies to resolve the issues. Credit repair companies usually charge a fee for their service. These fees differ depending on the state of residence and the type of service that is requested. Victims of identity theft often require these services due to the vast extent of repairs needed.

Be wary when choosing to hire a credit repair company. Reputable companies do not make outrageous claims, and they clearly explain the terms of the agreement. The Consumer Protection Act was signed in 1996. A part of that act was [Credit Repair Organizations Act](#) (CROA). CROA protects consumers rights by making it illegal for credit repair companies to misrepresent what they can do for customers. And it is illegal to charge customers before performing their services. The Federal Trade Commission (FTC) enforces the CROA.

Under this enforcement, credit repair companies are required to:

- 1.Explain your legal rights in a written contract that details the services to be performed.
- 2.Elaborate your three-day right to cancel without any charge.
- 3.Tell how long to expect to get results as promised.
- 4.Inform the total cost to be paid.
- 5.Explain any guarantees.

If a credit repair company doesn't abide by promises made, consumers have options.

- 1.Sue the credit repair company in federal court for the amount up to actual losses or for whatever amount that was paid, whichever is more.
- 2.Seek punitive damages, a punishment.
- 3.Join other people in a class action lawsuit against the company

The FTC warns that not all credit repair companies are legitimate, even if they claim to be 'non-profit'. The FTC advises contacting your financial institution or local consumer protection agency as good

sources of information and referrals.

If filing bankruptcy, laws require that you get credit counseling from a government-approved organization within six months before filing for bankruptcy. A list of these approved organizations is available at [www.usdoj.gov/ust](http://www.usdoj.gov/ust). This listing is managed by the U.S. Trustee Program.

Accurate information on your credit report and in your credit history, is a part of your credit history. Therefore, it will remain on your credit report for seven years.

About the Author:

My name is Catherine Marie Pinkston a Financial Adviser at Zinu Credit Repair. It is a legitimate credit repair companies in US. That offers a free credit repair consultation, which includes a complete review of your FREE credit report summary and score. If you are looking for the best [legitimate credit repair firms](#) in your area. Please contact me.