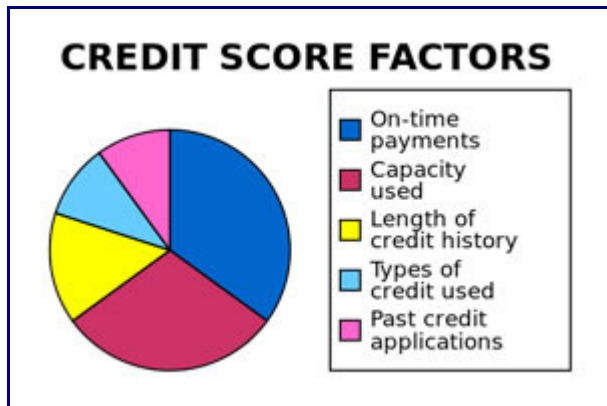


# 6 Simple Ways To Raise Your FICO Credit Score



Credit Score Chart.

A high FICO [credit score](#) helps in several ways regarding your ability to borrow money. Best of all, a high credit score typically results in a lower mortgage payment and/or a shorter term.

Here are 6 simple things you can do to raise your credit score and keep it as high as possible.

## **#1 Check Your Credit Report and Correct Mistakes**

In 2013, the Federal Trade Commission reported that one in four consumers in a study had found errors in their [credit reports](#) that were sufficiently serious to materially affect their scores.

So, checking your credit report and correcting mistakes is very important to having a high FICO credit score.

You have everything to gain and nothing to lose by regularly checking your credit, especially since accessing your own credit report doesn't hurt your score.

## **#2 Use Credit & Use Different Types of Credit**

A common mistake by consumers is not using credit, which results in an inadequate credit history and low credit score.

Here is the way the FICO score model is made up:

- Payment History: 35%
- Amount Owed: 30%
- Length of Credit History: 15%
- New Credit: 10%
- Types of Credit in Use: 10%

To have a good credit rating, a consumer must show their ability to use credit. A consumer that does not use credit will not have a credit history, and will not have a good credit score.

Besides using credit in general, it's also helpful to use different types of credit. For example, use a combination of installment loans (e.g., auto loans and mortgages) and revolving credit (e.g., bank credit cards, retail store credit cards, gas credit cards).

### **#3 Judiciously Apply for New Credit**

There are two important things to keep in mind when thinking about applying for credit:

- A lender checking your credit report can decrease your score by 10-20 points.
- “New Credit” accounts for 10% of your FICO score.

As a result, applying for credit can lower your credit score, even if you are turned down. The FICO model treats consumers who are actively seeking credit as a higher risk than consumers who are not seeking credit.

And if you are approved for the new credit, your credit score is negatively impacted because the FICO model includes an evaluation of the age of your open credit accounts.

Therefore, it’s recommended that you try to use existing credit resources as much as possible, rather than opening a new credit account. And furthermore, when applying for new credit, only apply for credit when you are certain you will be approved.

### **#4 Keep Balances Low Relative to Credit Limits**

The FICO model evaluates your percent of credit utilization. If you are maxed out with your credit accounts, your credit score will be lower than when you’re using just a small percent of your available credit.

Credit utilization is calculated by adding up the balances of all revolving credit accounts and dividing it by the credit limit of all revolving accounts. Lower credit utilization is positive for your score, and a higher credit utilization is negative.

### **#5 Don’t Close Old, Unused Credit Accounts**

Since the FICO model takes into account the age of credit accounts and the percent of credit utilized (above), you want to keep old credit accounts open, even if you are not using them.

Closing old credit accounts, especially credit card accounts, can lower your overall FICO score by decreasing the average age of your accounts and increasing the percent of credit utilization.

### **#6 Make Sure Bills are Paid on Time**

Sometimes borrowers are late paying their bills because of an oversight. They have the money, but the bill is not paid on time.

Payment history accounts for 35% of the FICO score. So, a late payment by a borrower for any reason has a negative impact.

Missing a single mortgage payment can serious impact your credit score, and should be dealt with immediately. [Here is what you can do if you miss a mortgage payment.](#)

## **Take Away**

Knowing how the FICO credit score model works, gives you insight into the simple things you can do to raise your credit score and keep it as high as possible.

In the end, a high credit score can give you more credit options, save money, and help you achieve your

goals.