A Survivor’s Guide to Credit

Sponsored by the Florida Coalition Against Domestic Violence and the State of Florida, Department of Children and Families.
SECTION 1: What is Credit?

Financial abuse is a tactic used by abusers to control victims by preventing access to money or other financial resources. It often begins subtly and progresses over time. It is like other forms of abuse in which the abuser aims to gain power and control over the survivor. Abuse can take many forms, such as emotional and physical abuse. Manipulation, intimidation and threats are also forms of abuse. Each one is used as a tool to get and maintain control over another person. The goal of an abuser is to trap their partner in the relationship.

Financial abuse might include:

• Controlling how money is spent
• Withholding money or “giving an allowance”
• Withholding basic living resources, medication or food
• Not allowing a partner to work or earn money
• Stealing a partner’s money or credit
• Impersonating the partner to open accounts online

A survivor’s credit is compromised if an abuser uses her name to open accounts including, but not limited to credit cards, utilities, medical bills, and student loans. An abuser may also use the name and information of a survivor’s child to open an account. These acts cause hardship for a survivor as they can negatively affect their credit score and subsequently, their ability to access crucial resources such as housing, transportation, and financial independence.

Any time you apply for a new credit card or agree to purchase something ‘same-as-cash,’ you need to fill out an application. The application will ask for information such as current address, phone number, and employment information. This information may be included on your credit report. If your partner has your Social Security Number (SSN), they can assume your identity, access your credit report and see your contact information.

Also, any joint accounts with a financially abusive partner, even if you no longer access them, may affect your credit negatively. When possible, have your name removed from any jointly held accounts.
If your partner uses one of your credit accounts without your permission, you can file charges with the police. You can use a copy of the police report to dispute any claims and to release you from responsibility of fraudulent accounts.

Many survivors of domestic violence do not use banking services due to past financial abuse, including the abuser forcing the survivor to close an account or using their immigration status against them. This may cause them to resort to utilizing check cashing, rent-to-own, or cash advance services as their only option. This type of lending is especially harmful to survivors, who are seven times more likely to live in low-income households and most likely to be experiencing financial abuse. Borrowing from these types of services can cause you to become dependent on these services, due to the accrual of large amounts in interest, which may place you further into debt. The debt may become so high that you cannot afford to pay back what is owed, which can then cause items to be returned and credit negatively affected.

The Consumer Financial Protection Bureau (CFPB) found that the median payday-loan borrower spent 199 days per year in debt, many of them experiencing checking-account overdrafts due to a payday lender making a withdrawal from their account. This process will happen if you are unable to make expected payments on your account, as you will be required to provide bank account information when you borrow. For a survivor, this can also mean a risk to your safety. Survivors who experience financial abuse may share accounts with their abusers, who could retaliate if they gain knowledge of third parties accessing the account.

Is having good credit important?

Having good credit is important for anyone. It can improve your ability to rent an apartment, purchase a car, buy insurance coverage, get a job, obtain a mortgage, etc. Landlords, insurance companies and even some employers can have limited access to your credit report. Credit is especially important if you plan to leave an abusive relationship and build your own financial independence. Good credit is the key to obtaining approvals for loans and acquiring the best interest rates.
The best way to review your credit is by obtaining a credit report. Your credit report shows details of your payment history, the amount of money you owe your creditors and whether you have loans that have not been paid.

By accessing your credit report, you can:
- Verify your personal information
- View your payment history
- Confirm lawsuits or declarations of bankruptcy
- See how often you have recently applied for credit

Your credit report is a great tool to understand how a survivor’s credit has been used by an abuser. You can find out how much debt has been accrued, and if any unknown accounts have been opened in your name. By looking at your credit report, you will know which companies you may contact to dispute any accounts that may be fraudulent. Understanding your credit report will be discussed in more detail in a later section.

Some states have enacted legislation that restricts employers from using credit information for making hiring and other employment related decisions, unless the credit is particularly relevant to the job description. In Florida, there are no restrictions preventing employers from checking your credit.

Employers have been known to check credit for the following types of jobs:
- Jobs with financial responsibility (accounting, money management positions)
- Senior executive positions
- Positions with access to confidential information
- Jobs where you have access to customer credit card information
- Federal government positions, which often require good credit for various security clearances
Understanding your credit score

Your credit score is calculated from the information in your credit report. When you receive a credit score, it will be based on information from one of the three credit bureaus. Your Experian credit score might be different from your TransUnion or your Equifax score. The two most common credit scores that you might come across are FICO® Scores and VantageScores. FICO® Scores are still the most popular credit scores used by lenders. However, VantageScores are growing in popularity and these are often the scores that you receive when you access your own score.

While both FICO® and VantageScores use slightly different ranges and calculations, it is true for both that the higher the score the better. And generally if you improve your VantageScore over time, your FICO® Score should also go up.

Your credit score uses data on how you have handled debt in the past to predict your likelihood of repaying a future loan or credit card balance. The higher your score, the more favor you will gain with potential creditors. Your score affects whether you get approved for credit and sometimes the interest rate or other charges you will pay.

The most commonly used credit scoring models range from 300 to 850. Each lender sets its own standards for what constitutes a good credit score. In general, scores fall along the following lines:

- 300-629: Bad credit
- 630-689: Fair or “average” credit
- 690-719: Good credit
- 720 and up: Excellent credit
Want to see how you compare? Here are the percentages of FICO scores and VantageScores that fall into these score ranges:

<table>
<thead>
<tr>
<th>Range</th>
<th>FICO</th>
<th>Vantage Score</th>
<th>Range</th>
<th>FICO</th>
<th>Vantage Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>300 - 499</td>
<td>4.9%</td>
<td>4.6%</td>
<td>650 - 699</td>
<td>13.0%</td>
<td>18.3%</td>
</tr>
<tr>
<td>500 - 549</td>
<td>7.6%</td>
<td>12.1%</td>
<td>700 - 749</td>
<td>16.6%</td>
<td>12.6%</td>
</tr>
<tr>
<td>550 - 599</td>
<td>9.4%</td>
<td>11.8%</td>
<td>750 - 799</td>
<td>18.2%</td>
<td>14.6%</td>
</tr>
<tr>
<td>600 - 649</td>
<td>10.3%</td>
<td>10.2%</td>
<td>800 - 850</td>
<td>19.9%</td>
<td>15.7%</td>
</tr>
</tbody>
</table>

Sources: FICO Score 8 data as of April 2015, from Fair Isaac Corp.
VantageScore data as of March 2016, from Experian.

Does checking your credit report lower your credit score?

It depends. The following credit checks do not affect your scores:

- Checking your score yourself by conducting a “soft inquiry”. Soft inquiries are those where your credit is not being reviewed by a prospective lender.
- If you are working with an agency and it pulls your credit report for financial education or for credit counseling purposes.
- Credit inquiries that credit card companies or mortgage lenders make in order to send you preapproved offers.

However, some credit checks do affect your credit score. For example, if you apply for a credit card or mortgage loan, the company will check your credit report. When this happens, your credit score will be affected. Applications for new credit may cause a 10% (approximately) drop in your credit score.

Do my rent payments get reported on my credit report?

Historically, rent payments have not been reported to credit bureaus, but that is slowly changing. Generally, rent reporting depends on the landlord’s participation and willingness to report payments. There are some services, like Rental Kharma, that can provide rent reporting.
for individuals. However, these services charge a monthly fee to participants, so landlords may be hesitant to subscribe. If needed, check with your property management company/landlord to see if they would be willing to report your rent payments to demonstrate good credit.

The following are best practices when working to improve or maintain your credit score:

• Only apply for credit when you need it.
• Try to limit your applications to no more than two times per year.
• Try to avoid applying for an unneeded retail credit card even if you may save a small percentage on your purchase.

If you are shopping for a major purchase such as a home or a car, multiple inquiries made in a 14 day period count as just one inquiry. Therefore, if you are shopping for a mortgage or car loan, apply with various lenders within the same week to protect your credit score and to compare the best rates.

Reviewing Your Credit Report

Once a year, you can request a free copy of your credit report from each of the three credit reporting agencies (Equifax, Experian and TransUnion). A central website handles requests for the three agencies. You may order your reports online, by phone or by mail. Be aware that while you can obtain a copy of your credit report for free, the free report does not give you your credit score. To obtain your credit score, you will have to pay a small fee. It is not always necessary to know your credit score – knowing what is in your reports is most important. However knowing your credit score is helpful if you are getting ready to apply for a loan or another line of credit.

There are many ways to access your free credit score. Many credit card companies are now offering free credit scores to their customers, and there are also many consumer websites available where you can access free credit scores. These websites can help you monitor progress towards your credit goals and get personalized information about how to improve your credit score. However, keep in mind you will be required to turn over personal information in order to verify
your identity and to gather relevant information about you. Also be aware that these sites may include advertisements for loans and credit cards.

Annual Credit Report Request Service
P.O. Box 105281 Atlanta, GA 30348-5281
1-877-322-8228
www.annualcreditreport.com

Equifax
1-800-525-6285
www.equifax.com

Experian
1-888-397-3742
www.experian.com

TransUnion
1-800-680-7289
www.transunion.com
SECTION 2: How to Improve Credit & Get Out of Debt

What are my options for dealing with debt?

Many people face a financial crisis at some point in their lives. Whether the crisis is caused by illness, domestic violence, the loss of a job, or overspending, it can seem overwhelming. However, it can be overcome. The best way to protect your credit is to effectively manage your debt. If you get into a financial bind, there are options for assistance such as: credit counseling from a reputable organization, debt consolidation, or bankruptcy. The path that works best for you depends on your level of debt, your level of financial discipline, and your plans for the future. Contact your creditors immediately if you have difficulty paying a bill. Tell them why it is difficult for you, and try to work out a modified payment plan that reduces your payments to a manageable level. You do not need to wait until your accounts have been turned over to a debt collector. At that point, your creditors may not be willing to help you.

Bankruptcy vs. Debt Consolidation

When you are looking for solutions to overwhelming debt, you may have considered debt consolidation or bankruptcy as the best path out of debt. Before considering bankruptcy, there are several options you might want to pursue. The availability and usefulness of these options will depend on your income and type of assets you have. Debt consolidation involves taking out a new loan to pay off several older debts. The new loan is presumably at a lower interest rate than the other debts, helping you to save money on finance charges. This option is beneficial to some, but depending on how the new loan is structured, it may actually end up taking more time and money to pay off your debt entirely.

When you file Chapter 13 bankruptcy, you will have 3 to 5 years of structured repayment and protection from creditors while you pay off your debts, but your credit rating will suffer and you may have difficulty getting a mortgage or lines of credit in the future. This plan,
sometimes called a “wage earner’s plan”, is often used by people who are employed, yet are still unable to successfully meet all of their consumer debt obligations. They are, at least, relieved from the unending collection phone calls and other methods of debt collection used by creditors.

Under Chapter 13, the court will appoint a trustee who is charged with working with your creditors to outline the details of how much you owe, how much you will be asked to pay them back, and the time frame in which you will be expected to pay it. A hearing will be held, at which time the courts approve the plan. The person then pays the trustee an agreed-upon amount each month, and the trustee pays the appropriate creditors as outlined in the agreement.

Chapter 7 bankruptcy may be the best option for extensive debt, or if you are not employed, or not receiving regular income. Chapter 7 will not only protect you from your creditor’s debt collection efforts, but in most cases your outstanding debt will be fully discharged and you will no longer be held legally liable for repayment. In Chapter 7, the person is usually required to surrender all assets such as their home, car and certain other personal possessions and some debt may not be allowed to be discharged, including taxes, student loans, and alimony or child support payments.

While it can be seen by some as something they would never consider, filing for bankruptcy does provide distinct benefits for those who simply see no other option for paying down their unsecured debt. If a creditor has instigated any legal action against you in an effort to collect on a debt you owe, those proceedings must stop once you have filed bankruptcy paperwork with the court. And, your creditors will be unable to begin any new legal actions against you. Once you have filed, your future wages and earnings will be protected from the creditors that were listed on your filing paperwork.

Filing any form of bankruptcy will show up should someone do a background or credit check on you, and your credit rating will be negatively affected, making obtaining credit difficult for as many as ten years after you have filed. Yet, for some, filing bankruptcy may be the most advantageous option in their efforts to manage an extreme amount of debt.
Getting bankruptcy and debt consolidation advice from a financial professional is critical when choosing between debt consolidation versus bankruptcy. Your financial situation is unique and your best path out of debt will depend on many factors.

Where can I get help to improve my credit?
You may have no credit at all, trying to improve poor credit or already have good credit. Regardless, having healthy active credit is essential for accessing important means for living. As earlier addressed, without healthy credit, it will be difficult to access housing, transportation, and sometimes employment. Even if you have had excellent credit in the past, if you are no longer using credit accounts (such as loans and credit cards) your credit score will eventually drop. It is beneficial to always have manageable credit accounts open as a way to exercise good credit management.

Managing debt is important, but building credit is equally important to a healthy credit score. The only way to build credit is by having credit accounts, like loans and credit cards that are being used regularly, paid on-time each month and reported to at least one of the major credit bureaus.

There are organizations that can help you improve your credit. Locate a reputable nonprofit community-based credit counseling or financial coaching organization. It’s best to work with one that provides one-on-one assistance. Be aware there are expensive credit repair clinics that are not reputable. Be careful of organizations that charge upfront fees, make unrealistic promises or lack accreditation credentials. Using non-reputable organizations can actually harm your credit. Your local certified domestic violence center may be able to help you locate a reputable organization.

It is important to note that establishing a credit score or improving a poor credit score is a bit like losing weight. It takes a lot of patience and behavior change. You may experience a period of time where you see little to no change, but eventually you will see progress if you maintain your discipline. One key to building credit and managing debt is to understand your own feelings about money. Addressing any negative feelings may help safeguard you from excessive spending or fears about budgeting.
Below are some strategies to help improve your credit score:

Payment History Tips

1. **Pay your bills on time.**

Delinquent (late) payments, accounts that turn into collections and public records can have a major negative impact on your credit score.

2. **If you have missed payments, get current and stay current.**

The longer you pay your bills on time, the better your credit score. Be aware that paying off a collection account will not remove it from your credit report. It will stay on your report for seven years from the first date that the account became delinquent.
3. If you are having trouble making ends meet, contact your creditors or see a legitimate credit counselor.

This will not improve your credit score immediately, but if you can begin to manage your credit and pay on time, your score will get better over time.

Amounts Owed Tips

Keep balances low on credit cards and other types of revolving credit. High outstanding debt can affect a credit score. A best practice is to use no more than 30% of your revolving credit available. For example, if you have a credit card with a $1000 limit, keep your outstanding balance below $300 at any given time.

1. Pay off debt rather than move it around.

In addition to paying all of your credit accounts and bills on time, paying down your revolving debt is the second biggest factor impacting your credit score.

2. Don’t close unused credit cards as a short-term strategy to raise your score.

Consider following the 30% rule (mentioned above). Credit reports include all of your accounts and their total balance.

In addition, closing unused credit cards will negatively affect your length of credit history. If you are not using your credit cards, make sure that they are securely stored. And try to use them at least once every 6 months so that they do not go inactive. Make sure that you are not incurring any annual fees for cards that you are not using.

3. Don’t open a number of new credit cards that you don’t need, just to increase your available credit.

This could negatively impact your length of credit history and increase your number of credit applications. Only apply for credit that you need and close any unused credit cards.
How do I find good financial products for building credit?

Start with what you know. If you already have a relationship with a bank or credit union, start there. Ask your banker what products they have available that you might qualify for. Non-profit financial institutions and community lenders offer safe and affordable products. Many credit unions now offer secured credit cards and other starter credit building products for people who are establishing or re-establishing a credit history. You can also apply for a secured debit card through major credit companies. These will allow you to establish credit with the money you deposit yourself.

Questions to ask when applying for credit:

• Are the monthly payments affordable?
• What credit bureaus are being reported to?
• What are the terms and conditions of the account?
• Are there any hidden fees or unexpected charges?
• Do I know who to contact if there is a problem with the account?

What is a credit freeze?

A credit freeze, also known as a security freeze, lets you restrict access to your credit report, which in turn makes it more difficult for identity thieves to open new accounts in your name. Before approving an account, creditors will need to look at your credit report. If your account has a credit freeze, it will prevent them from extending the credit.

You may want to place a credit freeze on your credit reports if you are concerned about the potential consequences of fraud or other data breaches.

To place a freeze on your credit reports, contact each of the nationwide credit reporting companies:

Equifax — 1-800-525-6285; equifax.com
Experian — 1-888-397-3742; experian.com
TransUnion — 1-800-680-7289; transunion.com

You will need to supply your name, address, date of birth, Social Security Number and other personal information. Fees vary based on where you live and commonly range from $5 to $10.
A Survivor’s Guide to Credit

A credit freeze does not:

- Affect your credit score
- Prevent you from getting your free annual credit report
- Keep you from opening a new account, applying for a job, renting an apartment, or buying insurance. If you are doing any of these things, you will need to lift the freeze temporarily, either for a specific time, or for a specific party such as a potential landlord or employer. The cost and lead times to lift a freeze vary, so it is best to check with the credit reporting company in advance to prevent a thief from incurring charges on your existing accounts. Even if you freeze your credit reports, you still need to monitor all bank, credit card and insurance statements for fraudulent transactions.

What is a fraud alert?

Unlike a credit freeze that locks down your credit, a fraud alert allows creditors to get a copy of your credit report as long as they take steps to verify your identity. For example, if you provide a telephone number, the business must call you to verify whether you are the person making the credit request. Fraud alerts may be effective at stopping someone from opening new credit accounts in your name, but they may not prevent the misuse of your existing accounts. You still need to monitor all bank, credit card and insurance statements for fraudulent transactions.

There are three types of fraud alerts:

1. **Initial Fraud Alert**

   If you’re concerned about identity theft, but haven’t yet become a victim, this fraud alert protects your credit from unverified access for at least 90 days. You may want to place a fraud alert on your file if your wallet, Social Security card, or other personal, financial or account information are ever lost or stolen.

2. **Extended Fraud Alert**

   For victims of identity theft, an extended fraud alert protects your credit for seven years.
3. Active Duty Military Alert

For those in the military who want to protect their credit while deployed, this type of fraud alert lasts for one year.

To place a fraud alert on your credit reports, contact one of the nationwide credit reporting companies. Because the company is required to share this information with the other credit reporting companies, you can expect the alert to appear on all credit reports. This will prevent you from having to contact every agency to complete this process. A fraud alert is free, although you must provide proof of your identity.
The best way to manage debt is to strengthen your budgeting skills. Having a handle on your finances will allow you to be able to pay back the debt you have acquired, as well as allow you to create a plan to prevent you from having to accrue more debt in the future. Below you will find a sample spending plan that will help you determine how much money you bring in (income), where it is spent (expenses), and make choices to ensure you spend less than you earn.

If something does not go according to plan, remember it is only temporary. Make the appropriate adjustments and refocus your plan to help you reach your goals.

A Spending Plan will help you:

• Gain control of your spending
• Relieve stress of not knowing how your money is spent
• Prepare for emergencies (savings)
• Minimize debt
• Begin saving and building financial wealth
Sample Spending Plan Worksheet

Monthly Income (checks, cash, benefits, etc.):

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Wages</td>
<td></td>
</tr>
<tr>
<td>Job 1</td>
<td>$</td>
</tr>
<tr>
<td>Job 2</td>
<td>$</td>
</tr>
<tr>
<td>Food Stamps/EBT</td>
<td>$</td>
</tr>
<tr>
<td>Child Support</td>
<td>$</td>
</tr>
<tr>
<td>Other Income</td>
<td>$</td>
</tr>
</tbody>
</table>

Monthly Fixed Expenses (These costs are those that will be the same each month):

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent/Mortgage</td>
<td>$</td>
</tr>
<tr>
<td>Car Payments/Transportation</td>
<td>$</td>
</tr>
<tr>
<td>Car Insurance</td>
<td>$</td>
</tr>
<tr>
<td>Loan Payment(s)</td>
<td>$</td>
</tr>
<tr>
<td>Emergency Savings</td>
<td>$</td>
</tr>
<tr>
<td>Life Insurance</td>
<td>$</td>
</tr>
<tr>
<td>Medical Insurance</td>
<td>$</td>
</tr>
<tr>
<td>Disability Insurance</td>
<td>$</td>
</tr>
<tr>
<td>Homeowner's/Renter's Insurance</td>
<td>$</td>
</tr>
<tr>
<td>Other (list)</td>
<td>$</td>
</tr>
<tr>
<td>Other (list)</td>
<td>$</td>
</tr>
</tbody>
</table>
### Monthly Flexible Expenses (These costs may change each month):

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cell Phone Payment</td>
<td>$</td>
</tr>
<tr>
<td>Utilities (electric, gas, water, etc.)</td>
<td>$</td>
</tr>
<tr>
<td>Credit card Payment(s)</td>
<td>$</td>
</tr>
<tr>
<td>Auto Upkeep (gas, oil, maintenance)</td>
<td>$</td>
</tr>
<tr>
<td>Food</td>
<td>$</td>
</tr>
<tr>
<td>Clothing</td>
<td>$</td>
</tr>
<tr>
<td>Household Supplies (toiletries, cleaning supplies, etc.)</td>
<td>$</td>
</tr>
<tr>
<td>Medical/Dental Costs (copays, prescriptions, etc.)</td>
<td>$</td>
</tr>
<tr>
<td>Self-Care (recreation/entertainment, gym membership, etc.)</td>
<td>$</td>
</tr>
<tr>
<td>Church/Other Charity Donations</td>
<td>$</td>
</tr>
<tr>
<td>Childcare</td>
<td>$</td>
</tr>
<tr>
<td>Education</td>
<td>$</td>
</tr>
<tr>
<td>Other (list)</td>
<td>$</td>
</tr>
<tr>
<td>Other (list)</td>
<td>$</td>
</tr>
</tbody>
</table>

#### Total Monthly Expenses (Fixed and Flexible): $ 

#### Total Income Minus Total Expenses: $ 

#### Add or Minus Balance from Previous Month: $ 

#### Current Balance: $ 

Florida Domestic Violence Hotline 1-800-500-1119
TTD: 1800-621-4202
Florida Relay 711

Florida Coalition Against Domestic Violence
850-425-2749
www.fcadv.org