

**From:** "Greg at Pro Biz" <gsn@probizservices.com> on 08/25/2004 11:32:12 AM

**Subject:** Study on Credit Bureaus Handling of Disputes

Several years ago a credit card company made a mistake in recording a payment I had made. In fact they reported the payment as not being made. It took me about 2 years to get the credit card company to correct the bad report and then another 6 months for Equifax to correct their reports to the "public" even though they had been instructed to do so by the credit card company more than several times. During that time other credit card companies got updates of my credit report and found the negative report. They increased the interest rate on my accounts from around 10% to over 20%. Even after the reports had been corrected the credit card companies balked at returning the interest rates to the previous low levels citing the problem of "compromising a debt" which they explained would cause tax and other problems. It seems inherently unfair for me to suffer the high interest rates in view of the fact that I did nothing wrong. The credit card companies are allowed to increase rates overnight almost without limitation but cannot reduce them for fear of tax and other legal hassles. At least some of this problem lies at the foot of the credit bureaus who take way too long to correct mistakes.

In the process of trying to correct my record I encountered many deficiencies in the overall system. One such problem occurred on contacting one of the bureaus who absolutely refused to process my claim. They said they would not process claims made through third parties. First I did not use a third party but even if I had what difference should that make? What I did do was retrieve some forms or templates from the internet to help me to include all the necessary information. I dare say, the bureau saw the templates and assumed I enlisted a third party for help. *I had to enlist the help of an attorney to even have my disputes heard.* As I said, so what if I did get help? Why should a person who gets help be barred from having his claims processed???

Another issue I encountered are the bureaus total inflexibility to changing times. In particular, I enlisted the help of a bill paying service to help me pay bills. This service can include, and did in my case, the additional service of having all my bills scanned and presented to me over the internet. In order for this to happen, all my bills needed to be sent to one location, in this case, a post office box in South Dakota. The service was fine. However, the credit bureaus, all of them, reported the bill-paying address as a change of residence which, of course, affects my credit scores and other people's willingness to extend credit to me. In effect it showed me as having moved to South Dakota. This is patently false. It seems that the bureaus need to adjust their thinking but they are stuck in a mindset or a model that does not include the innovations of the 21st century.

Another problem I encountered involved the bureaus changing the account numbers. Specifically, I reviewed my report and discovered an account with a number which did not match any of mine. The bank was the same as one I used and the balance was close but the account numbers did not match. Naturally I disputed the account as being one of mine. I received a response saying it was in fact one of mine but someone, either the credit card company or the bureau itself ( I can't remember), had encrypted the account number. They didn't merely truncate the number leaving only the beginning or end numbers; they changed them altogether. This seems to be rather stupid at the very least. How am I supposed to KNOW this account is actually mine if the account numbers do not match?? Why should I have to take the word of the bureau that the account is actually mine???. They provided no proof, ie, they still didn't tell me the true account number. In effect, all they did was say "yes it is." That is not a verification.

During the time that I was trying to correct the one mistake, I took a credit counseling class and heard numerous horror stories of how credit bureaus had ruined people's lives. Now after several years of firsthand involvement with the credit reporting system, I understand all too well how those incidents could and probably did occur. The system is not designed to protect the rights of the individual. In fact, most of the policies thwart the efforts of individuals trying to maintain good credit. In my case, I have been damaged in ways that I might never recover from. There ought to be a way to reverse increased interest

charges if they are based on reports which are later corrected, such as in my case. I am now faced with begging credit card companies to reduce their interest charges which they are never inclined to do. It's a vicious circle. The credit card companies don't want to lower the interest rates because my balances are higher than before. But my balances are higher partly because payments are now going to interest rather than principal. It's just not fair.

Greg

PS. I'm happy to provide additional info if it would be helpful.