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# Is the Consumer Financial Protection Bureau (CFPB) adding to the already confusing maze of credit scores?

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By [Tracy Becker](#)

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The Consumer Financial Protection Bureau (CFPB) is calling for credit card companies to make credit scores available to their customers on a monthly basis. Is this a good idea, or will it cause more confusion and frustration for the average consumer?

Why should credit card companies be responsible for providing consumers with a copy of their credit scores monthly? It's hard enough as it is for consumers to get explanations and information from their credit card companies.

It seems that the three major credit bureaus, Equifax, TransUnion and Experian, should provide credit scores to the general public instead of the credit card companies. The bureaus have already created scores and can provide them to consumers much more easily.

Right now there are some credit card companies offering credit scores but this could wind up confusing consumers and giving them a false sense of reality. If you read the fine print on the Discover Card offering credit scores it is clear that only the TransUnion FICO score is provided.

Here is the fine print taken from the Discover site:

"Your FICO® Credit Score is based on data from TransUnion and may be different from other credit scores. FICO® Credit Scores are delivered only to Primary card members who get a monthly statement and have an available score. Discover and other lenders may use different inputs like a FICO® Credit Score, other credit scores and more information in credit decisions. This benefit may change or end in the future. FICO is a registered trademark of the Fair Isaac Corporation in the United States and other countries."

Since banks use the middle score of all three credit bureau FICO scores, only having one score isn't a true and accurate reflection of what a lender would see when evaluating credit. Many consumers have varied information on each credit bureau's report. This will cause the three scores to vary. If a collection agency updated a bad debt it would place the derogatory mark on only two of the three credit bureaus.

Getting an accurate credit score is even more confusing for consumers because there are some banks that use a different variation or model of the FICO score that does not tabulate exactly with the scores sold to consumers on the [myfico.com](#) site. This is why sometimes a banker will pull an applicant's credit score and it can vary from the FICO score pulled online by the consumer.

In addition, besides FICO scores there are many other credit scores consumers may wind up purchasing online without realizing they are quite different from the score their banker might use to approve their loan.

Here are some of the other scores sold online to consumers:

National Equivalency Score — sold by Experian and the range is from 360-840

Vantage 2.0 Score — created by all three credit bureaus with a range of 501-990 and with letter grades A-F

Vantage 3.0 Score — newer version ranging from a 300-850. Although it is the same range, it is not the same as a FICO score.

Plus score — sold by the credit bureaus, it ranges from 330-830 and is strictly an educational score.

Equifax scores — sold and created by Equifax and ranges from a 280-850. It is sold for educational purposes.

Trans Union scores — range from 300-850 and are also sold for educational purposes.

Here is a recent example I encountered which shows the confusion customers face:

A borrower had a 745 TransUnion FICO score. The borrower was using a credit score given with one of their credit cards. The score was from TransUnion only and it was a FICO score. Although the borrower's other FICO scores were a 743 (Equifax) and a 746 (Experian), they had changed dramatically due to a recent medical collection. The collection was posted to the Experian and Equifax credit reports, causing the credit scores with those two bureaus to drop down to around a 650. The middle score then became a 650.

Most collection agencies update a collection to two of the three bureaus since it is less costly and delivers the same damage to scores. They know that the impact to the middle score will change the risk level of the borrower.

This resulted in the borrower getting a false sense of what his score was because he didn't purchase credit monitoring products or do further research as to what was best for analyzing credit scores. He just relied on a free (but misleading) score offered by his credit card company.

The individual figured out too late that his score was entirely different from what was presented by the credit card company. We were able to remove the collection from his credit reports but he had to wait another 60 days to apply for financing. This could have been a disaster since he was purchasing a

property. The seller was very generous, giving him more time to get mortgage approval and it ultimately worked out for the borrower. But that may not be the case for others who find themselves in the same situation.

Because of all the uncertainty with credit, I always recommend speaking with a reputable credit specialist to get an accurate view of your credit before applying for a loan.



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