

## IMPORTANT CREDIT SCORING CHANGE!

Remember...Good Credit will Save You Money!



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It has been the forecast for quite some time that Fair Isaac would eliminate the loophole that allows people to quickly increase their credit score by being added as an authorized user on someone else's established credit card...and sure enough, the time has come.

**Marketers Made Loophole Too Prominent to Ignore** For the most part, this loophole has stayed under the radar until recently when a few companies came out of the woodwork with a marketable service that catered to consumers who will benefit from this practice. These companies recruit people from all over the country who have older credit cards with low debt ratios and offer them \$100-\$300 for each person they add to their credit card as an authorized user. Then, they market to consumers with limited credit histories and/or high revolving debt ratios and offer to have them added as an authorized user on a seasoned trade line for around \$1500 per credit card and pocket the difference. As this practice became more popular, it wasn't long before the over exposure of this loophole shed light on the flaws of Fair Isaac's software.

**New Software Will Eliminate the Loophole** Under pressure from lenders, Fair Isaac made the decision to invest the money into correcting this loophole. The correction is fairly simple: When Fair Isaac takes that snapshot of somebody's credit file, they are going to look at one extra field that they previously had not looked at when generating the score. That field is the one that says who is responsible for that account. If the scoring software sees that the person is the primary on the account, then it will score the report just like it had done before and no change to the credit score will take place between the old and the new scoring model. This will also hold true if it says that the account is a joint account. But if they see that the responsibility on that account is as an authorized user designation, they will completely ignore that entire account when calculating the credit score. It doesn't matter if the authorized user was added five years ago or yesterday; they will instantly lose the benefits created, if any, from that account being shown on their credit report.

**Going Forward** Due to the fact that the scoring model is changing in a few months coupled with the fact that some lenders are even denying applications in some instances if an authorized user account is present, I would advise that people refrain from getting added as an authorized user immediately. The benefit will soon be gone, and taking advantage of that benefit before it leaves may leave a person at risk for having a loan denied by some lenders.

**To learn more about credit--and how you can make sure that your own credit report is as good as possible--just contact me at [susanmcs@charter.net](mailto:susanmcs@charter.net)**