

# How to rebuild your credit

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When you experience a financial challenge, your credit record could suffer. Rebuilding it takes time. There are no shortcuts or secrets.

## The steps below can help

### 1. Pay your bills on time, every time

“On time” means the payment gets to the company by the day the bill is due. If you pay by mail, put your payment in the mail a few days before it is due.

### 2. Don't get too close to your credit limit

Credit scores consider how close you are to being “maxed out” on credit cards. If you use too much of your credit limit, it may hurt your credit score. Some experts advise using no more than 30 percent of your total credit limit - while others say you should use less than 10 percent.

### 3. Don't apply for too much credit in a short time

Your credit score may go down if you apply for or open a lot of new accounts in a short time. This includes getting a new card so you can transfer balances, or opening a new store card account so you can get a discount.

### 4. If you do not qualify for a regular credit card, try a secured card

Many banks and credit unions offer secured credit cards. With most of these cards, your credit line



starts out small. You put an amount equal to your credit limit in an account as a deposit.

As you show you can pay on time, your credit limit may be raised and you may have your deposit refunded. Fees and interest rates can be high for secured cards, but using one can help you to establish a credit record.

### 5. If you pay with a credit card, pay your balance off every month

You can build credit by using your credit card and paying on time, every time. Pay off your balances in full each month to avoid paying finance charges. Paying off your balance each month can also build better credit than carrying a balance, because it helps keep you from getting too close to your credit limit.

### 6. Keep it up

Credit scores are based on your overall experience with paying your bills over time. The longer you

have credit and pay on time, the more information there is to show you're a good credit risk.

## 7. Check your credit reports and fix errors right away

Your credit report shows your history of loans and borrowing.

You can get a free printed copy of each of your credit reports from the three nationwide credit reporting companies every 12 months at [annualcreditreport.com](https://annualcreditreport.com). Equifax offers six additional free credit reports every 12 months, through December 31, 2026. When you visit the site, you may see steps to view more frequently updated reports online. This gives you a greater ability to monitor changes in your credit.

You may find incorrect information that is bringing your score down. If you do, file a dispute with the credit reporting company and with the company that was the source of the information.

### How long does negative information generally stay on your credit report?

Late payment	7 years
Chapter 13 bankruptcy	7 years
Chapter 7 bankruptcy	10 years
Foreclosure	7 years
Lawsuits and judgments	7 years or longer

In general, recent negative information has more of an effect on your credit score than older information.

## These four things don't help rebuild your credit

- 1. Using a debit card or paying cash.**  
These transactions don't help you prove you can repay debts.
- 2. Using a prepaid card.** A prepaid card is your own money, loaded on to the card in advance.
- 3. Taking out a payday loan.** Even making on-time repayments might not help your credit.
- 4. Taking an auto loan from a "buy here, pay here" car lot,** unless they promise in writing to report your on-time payments.

## Submit a complaint

Have an issue with a financial product or service? We'll forward your complaint to the company and work to get you a response – generally within 15 days.

 **Online**  
[consumerfinance.gov/complaint](https://consumerfinance.gov/complaint)

 **By phone (180+ languages)**  
M-F, 8 a.m. - 8 p.m. ET  
(855) 411-CFPB (2372)  
(855) 729-CFPB (2372) TTY/TDD

 **By mail**  
P.O. Box 2900  
Clinton, IA 52733-2900

 **By fax**  
(855) 237-2392