

Some Quick Tips To Improve Credit Score Quickly

- Make full and timely payments on bills from TODAY! Your repayment history forms up to 30% of your credit score. Therefore, it is very important that you make sure that you have a spotless repayment record starting now, even if you have had defaults in the past. Making full payments on time will have an immediate positive impact on your credit score.
- Obtain a copy of your credit report to identify and resolve errors. Sometimes due to administrative errors, a loan that you have paid off in full might still be shown as outstanding. These errors can unnecessarily drag down your score. Filing a dispute and correcting these errors can have an immediate positive impact on your score. Sometimes, your score might be adversely impacted due to a wrong address or mistaken identity. For example, moving into an address that was occupied by a defaulter can unfortunately cause your score to be impacted. Similarly, check your report for any wrong entries that could also be a sign of identity fraud. Resolving these issues will help improve your score.
- Spend less than 50% of your credit limit: For example, if your credit limit is Rs. 1 lakh, then make sure that you do not spend more than Rs. 50,000 on your monthly expenses. Spending more than that signifies that you might not have spending discipline and will result in a drop in your score. Consistently keeping within 50% of your credit limit will result in an immediate increase in your score.
- Do not make multiple applications for loans or credit cards within a short period of time. Many people think they are maximising their chances of being approved for a loan by applying to several lenders, or by applying for multiple products (house loan, auto loan or personal loan) with one or two lenders. Each time you apply for new credit, potential lenders make an enquiry. Too many enquiries within a short time frame can cause a drop in your credit score as it signifies that you are 'hungry' for credit.
- Do not apply for credit (whether loan or credit card) if you have a poor credit score. Every loan rejection leads to a negative impact on your score. Make sure that you apply for a loan only once you are credit-worthy. This way you avoid loan-rejection and the consequent drop in score.