

Improving Your Credit Score

To optimise your credit score, you should consider the impact of the following factors.

Payment History

Payment history takes into account payment activity on all of your accounts. It includes late payments, defaulted accounts and bankruptcies. Use the following tips to improve:

- **Pay on time:** Make all required payments on time. Failure to do so will have a significant adverse effect on your finances.
- **Explain any late payments:** If you have an isolated instance of late payment, contact the lender to explain the reasons and ask for special consideration in reversing the late payment report.

Total Amount Owed

This aspect considers the amount of credit you're using, the number of accounts with outstanding balances, and the total owed on your loans. Use the following tips to improve:

- **Distribute balances:** Do not use more than 50% of your available credit on any single credit card. It reflects individuals who use only a small portion of their available credit.
- **Use your credit:** Take every opportunity to use your available credit and ensure you pay off the balance promptly. If accounts are kept open, make sure you use them at least once a year. Accounts that sit unused do not help, even if they are current.

Length of Credit History

This aspect considers the amount of time that you have had your accounts, as well as how often you use them. Use the following tips to improve:

- **Keep older accounts:** The older your account, the better. If you do decide to close out an account, it would be better to close the newest ones first.
- **Use older accounts:** If you are going to use your available credit, use older options first.

New Credit

New credit factors include the number of new accounts that you open. Use the following tips to improve:

- **Avoid unnecessary enquiries:** Applications for things like credit and loans will each result in a request for your credit file or financial history, which, if excessive, will reflect poorly on you. One suggestion is to provide the potential lender with your own copy of your credit score. You can request a personal copy of your credit report through an authorised organisation.
- **Establish a credit score gradually:** If you have a short credit history, do not open too many accounts all at once in an attempt to establish a credit score. This practice will lower the average age of your accounts and will negatively affect your credit score.

Types of Accounts

This aspect considers the types of accounts that you have. Use the following tips to improve:

- **Diversify:** A diverse mix of accounts can be beneficial. Too many loans from finance institutions are often an indicator of past credit difficulties and should be avoided.

Additional Tips

- **Dispute items:** If you dispute a charge or the accuracy of a payment being late, explain your case and ask for your file be corrected.
- **Review your report:** It is a good idea to periodically review your credit report to ensure that all of the information is accurate. If there are mistakes, dispute the information.

Here when you need us.

Call: 844-207-5465

Online: [guidanceresources.com](https://www.guidanceresources.com)

App: GuidanceNowSM

Web ID: LivingME

©2025 ComPsych[®] Corporation. All rights reserved. This information is for educational purposes only. It is always important to consult with the appropriate professional on financial, medical, legal, behavioral or other issues. As you read this information, it is your responsibility to make sure that the facts and ideas apply to your situation.