

Published based on [A Look At Credit Reports And Credit Scores](#)

A Look At Credit Reports And Credit Scores

A credit report is a consolidated account of your previous financial borrowings and repayments. Each time you borrow, pay or delay, it will be reflected in your credit report. Lenders use it as a barometer of how much of a risk it would be to lend to you.

Through your credit report you will be issued a credit score. They will calculate your borrowings and repayments against the time taken to repay and come up with a score which ranges from 300 to 850.

The higher your score, the better it is for you. It means that you are good for a credit card, a loan or a mortgage. If your score is low, it means that your application for borrowing has a high chance of being rejected.

If your credit score is over 700, you are considered to be in excellent credit health. If you are below 600, then you need to improve your credit health by paying your debts off.

So, why exactly is it important to have a good credit score?

- Once you have a healthy credit score, it means easier access to more finances. This could be a car, an apartment, or even just a simple bank loan for your business. These days, it's almost impossible to get a mortgage with a bad credit score.

- If your credit score is favorable, you're considered to be a reliable person who promptly takes care of their debt. This encourages vendors to give you better deals. You may find yourself getting healthy discounts and longer repayment periods.

- When applying for a job, employers may do a credit and background check on you. Applicants with the best credit scores are in an advantageous position, as they are seen as being more reliable and honest.

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