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Financial Credit Problems

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updated: January 7, 2011

Credit Report Repair

Financial credit problems become urgent when you need to borrow money, such as applying for a home mortgage. Use short-term tactics to update your credit report and earn a few more points before getting a mortgage. One strategy, according to "American Credit Repair," is to get a creditor to write a letter to the appropriate credit reporting agencies detailing your account information and what facts must be fixed on the report. This strategy helps you fix your credit report by targeting accounts that are settled; it's an important strategy to use, for instance, before asking your mortgage lender to rescure your credit through all three credit reporting agencies (Equifax, Experian and TransUnion).

Overspending

You can also run into credit problems by overspending on credit cards. For instance, if you spend money on a credit card when you don't have the ability to repay the total amount quickly, you will increase the amount you owe month after month. If you just make minimum monthly payments, it will take a long time to pay off a credit card balance. Use credit cards only for emergencies, says Brette McWhorter Sember, author of "The Complete Credit Repair Kit," such as unexpected car repairs and medical bills.

Joint Accounts

You can experience credit problems following a divorce. Depending on the state where you live, the debts that are acquired while you are married might be considered marital debt, even debts in your spouse's name only. Get an attorney to help you divide up the marital debt with the ex-spouse. Beware that an ex-spouse filing bankruptcy and listing joint debts to be cleared in the court proceeding can leave you as the only person liable for a joint debt.

Small Business Credit Problems

You can also encounter financial credit problems as an entrepreneur. If you have to declare bankruptcy for a failed business (<http://www.ehow.com/business/>), you might need to hire a business debt consultant. This professional helps you restructure debts, such as by negotiating lower monthly payments. As part of a restructuring program, your creditors may also agree to waive part or all of outstanding fees and interest.

References

- "American Credit Repair"; Trevor Rhodes, Nadine Smith, Esq.; 2008
- "The Complete Credit Repair Kit"; Brette McWhorter Sember; 2008
- "The Rational Guide to Building Small Business Credit"; Barbara Weltman, Vicki Raeburn; 2007

