

CONSUMER INFORMATION

4-11-00

Credit repair companies

Credit repair companies provide services that consumers can do much less expensively themselves. But if you decide to hire a credit repair company to help you, you should know that both Michigan law and federal law prescribe how these companies conduct business with customers. First, before you sign a contract, the company has to give you a document that spells out your legal rights relative to your credit file. Second, any contract has to be in writing and specify:

- the total cost and payment terms;
- the services to be performed and how long it will take to get results;
- any guarantees offered;
- the company's name and address.

The laws prohibit a company from misrepresenting its services. Read the contract carefully before you sign it.

Third, you have three days to cancel the contract without charge before the company performs any services. Fourth, the company can't take any payment from you before it completes what it promised to do under the contract.

If you have bad credit, no one can fix it overnight and no one can get you credit that you couldn't obtain on your own. Beware of promises that are too good to be true. Companies can't erase negative information in your credit record if the report is true. And a common scam promises gullible customers a whole new credit identity by applying for an Employer Identification Number to use instead of your Social Security Number. That's illegal.