The **Hazards** of **Credit Repair Companies**

Credit repair companies market themselves as a fast solution for bad credit, but the reality is very different. These companies charge steep fees for services, can be misleading about their progress and typically fail to make lasting credit improvements.

What is credit repair?

Credit repair companies claim they can boost your credit score by removing negative items from your credit report — including accurate items.

However, there is no legal way to permanently remove accurate information from your credit report. While all negative items automatically fall off after 7 or 10 years, credit repair companies cannot erase truthful information permanently prior to that time.

How credit repair companies typically operate

- They charge high fees — often $100-$200 per month, or $1,500 or more upfront — to file disputes with the credit bureaus on your behalf.
- The goal is to flood the credit bureaus with disputes, challenging errors and accurate items alike, hoping the bureaus will miss the required 30-day window to respond.*
- If the bureaus miss the 30-day window, they must remove the disputed item from your credit report. If the item was a genuine mistake, it will stay off your report; if the item was accurate, it will be reinserted, usually within 2-3 months.
- Consumers are ALWAYS notified when items come off their reports. They are RARELY told when an item is reinserted.

The cost of credit repair

$2.7B

Spent on credit repair services by over 4 million people between 2016 and 2023.

$1.8B

In illegal fees returned to over 4 million consumers by the Consumer Financial Protection Bureau in 2024 and 2025.

Source: https://www.consumerfinance.gov/about-us/blog/creditrepaircom-and-lexington-law-refund-checks-what-you-need-to-know/

*15 U.S.C. §1681i (1970).

Potential damage from credit repair practices

- **High costs, little return:** You may pay significant fees without lasting results.
- **False sense of progress:** Items may disappear temporarily. Your credit score might rise, then fall right back down.
- **Wasted time and money:** You delay real solutions while your credit suffers.
- **Limited opportunities:** Poor credit continues to limit access to affordable loans, quality rental housing, employment and more.

Credit repair red flags

Be cautious if a company:

- Promises to “clean” or “fix” your credit.
- Claims it can remove accurate information.
- Charges a monthly fee (or large upfront fee) to file disputes on your behalf.
- Asks you to sign a contract with NO end date.

Know your rights

- You can cancel your contract at any time. The company may resist, but they must comply.
- You can dispute errors yourself; visit **consumerfinance.gov** and search “dispute credit report error” for instructions.
- If you spoke with the company by phone before signing, they violated the federal Telemarketing Sales Rule. Inform them of the violation and file a complaint at **consumerfinance.gov/complaint**.

Safer ways to improve your credit

- Review your credit reports at **annualcreditreport.com**.
- Keep at least one credit card or loan open and active at all times.
- Pay your credit cards and loans on time.
- Reduce balances on open credit cards to below 30% of the credit limit.
- Reach out to your creditors before a delinquent account goes to collections.

Get help from trusted sources:

National Foundation for Credit Counseling: **NFCC.org**

Association for Financial Counseling & Planning Education: **findanafc.org**

National Association of Consumer Bankruptcy Attorneys: **NACBA.org**