Credit Myths — Busted

Financial Goal Planner & Debt Freedom Toolkit

Why does this matter? Believing credit myths can cost you money, hurt your score, and keep you from building the financial life you deserve. Know the fa

All facts on this page are drawn from the CFPB, FTC, myFICO.com, and Experian's consumer education resources.

Myths 1 – 5 | Read each myth and the truth that replaces it

MYTH *"Checking my own credit score will lower it."*

TRUTH Checking your own score is called a soft inquiry and has absolutely no effect on your credit score. Only hard inquiries — from lenders when you apply for credit — can temporarily lower your score.

Source: CFPB, myFICO.com

MYTH *"I need to carry a credit card balance to build credit."*

TRUTH Paying your balance in full every month builds your credit just as effectively as carrying a balance — and saves you from paying interest. There is no benefit to carrying a balance intentionally.

Source: Experian, CFPB Consumer Guide

MYTH *"Closing a credit card I don't use will help my score."*

TRUTH Closing an account reduces your total available credit, which raises your utilization ratio and can shorten your credit history. Both can lower your score. Keep unused cards open with small charges.

Source: myFICO.com, CFPB

MYTH *"My income affects my credit score."*

TRUTH Income is not a factor in any credit scoring model. Your score is based entirely on your credit behavior — payment history, utilization, history length, new credit, and credit mix.

Source: FICO® Scoring Model, CFPB

MYTH *"Paying off a debt removes it from my credit report."*

TRUTH Paid accounts remain on your report for up to 7 years (10 for bankruptcies). However, paid-off accounts in good standing actually help your score — they show a positive track record.

Source: FTC, CFPB — Fair Credit Reporting Act

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KINGDOM FAMILY MINISTRY
Stronger Families. Stronger Communities.

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Myths 6 – 10 | More truths about how credit really works

MYTH ***"All credit scores are the same."***

TRUTH There are many scoring models (FICO® 8, FICO® 9, VantageScore 3.0, 4.0, etc.) and each can produce different numbers. Lenders choose which model to use — so your score can vary by source.

Source: myFICO.com, Consumer Financial Protection Bureau

MYTH ***"Being pre-approved means I'll definitely get the loan."***

TRUTH Pre-approval is based on a soft pull and basic information. The actual application triggers a hard inquiry and full underwriting — you can still be denied based on full credit and income review.

Source: CFPB Mortgage Guide

MYTH ***"Bad credit is permanent — you can't recover from it."***

TRUTH Credit scores are dynamic and can improve significantly with consistent positive behavior. Most negative items fall off after 7 years. Even a 500 score can reach 700+ with sustained effort.

Source: Experian Credit Education, CFPB

MYTH ***"You only have one credit score."***

TRUTH You actually have dozens of scores — each bureau (Equifax, Experian, TransUnion) may have different data, and multiple scoring models calculate different numbers from that same data.

Source: CFPB, myFICO.com

MYTH ***"A credit repair company can legally erase accurate negative info."***

TRUTH No one can legally remove accurate, timely negative information before it ages off naturally. Any company claiming otherwise is likely a scam. You can dispute errors yourself for free.

Source: FTC Credit Repair Guide, CFPB

Self-Check — Which myths did you believe before reading this?

Check any you believed, then write one action you will take based on what you now know:

☐ Myth 1 ☐ Myth 2 ☐ Myth 3 ☐ Myth 4 ☐ Myth 5 ☐ Myth 6 ☐ Myth 7 ☐ Myth 8 ☐ Myth 9 ☐ Myth 10

One thing I will do differently: ______________________________

Free, Reliable Credit Resources:

AnnualCreditReport.com — Free reports from all 3 bureaus — federally mandated **ConsumerFinance.gov —** CFPB consumer education and complaint portal **MyFICO.com —** F

"My people are destroyed for lack of knowledge."

— Hosea 4:6 | The truth about credit is yours to know. Use it to build something lasting.

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