

Many Unaware That Late Payments Can Damage Credit Rating

(NAPSA)—Many people do not seem to recognize that paying bills late can damage an individual's credit rating, according to a recent national poll by the Direct Deposit and Direct Payment Coalition.

The poll found that 35 percent said they had been late with major credit card payments, 19 percent had been late on car loan payments, and 17 percent were late with payments to gas station or department store accounts. However, only about half of those polled identified a negative impact

“Payment history generally carries more weight than any other element in determining your credit score, which lenders often rely on when deciding whether to give you a loan or other form of credit,” said Craig Watts, consumer affairs manager at Fair, Isaac, the developer of the mathematical formula used to generate the FICO® credit scores most frequently used by banks and other lenders. About 35 percent of the FICO score is based on payment history that



on their credit rating when asked to name “any possible consequences of paying bills late.”

“The findings highlight a serious gap in consumer knowledge about an important aspect of personal finance management,” said Susan L. Robertson, assistant vice president of the Federal Reserve Bank of Atlanta and spokesperson for the Direct Deposit and Direct Payment Coalition. “However, small steps can be taken to improve a bad bill-paying record.”

With Direct Payment, consumers never have to worry about a late payment. After they authorize a bill to be paid directly and automatically from their account on a designated day each month, the payments are made on time every time.

includes details on both timely payments and late or missed payments.

“No credit score is forever. You can take steps today to begin improving your score,” said Tim Raftis of the InCharge Institute of America, the nation's largest provider of credit counseling services and personal financial education. “Making small changes, such as using Direct Payment to pay bills automatically and on time, can significantly improve your payment history and score.”

Consumers who want to start using Direct Payment can sign up by contacting the companies that send them bills.

For more information on Direct Payment, please visit www.directpayment.org.