Are you looking to start building credit? If you don’t have any credit yet, it is possible that you will be denied the opportunity to open a credit card due to a lack of credit history. To overcome this problem, we recommend that students may open a credit card with their bank or credit union first. Since they are familiar with your banking history, they may be more likely to offer you a line of credit.

Always browse your options before applying for a credit card. Applying for multiple new credit lines in a short amount of time can “ding” your credit score.

Get a copy of your credit report from AnnualCreditReport.com. The three major credit reporting bureaus must give you one free copy per year, so plan to order one every four months through this website. (Hint: the websites that have “free credit report” in their name are not actually free.) You should never pay to receive a copy of your credit report.

If you have an older credit card account, try to keep it open if there is no annual fee to do so. The length of your credit history can be impacted by closing one of your oldest running accounts.

There is no reason to have more than one credit card to start building credit. Your credit score is made up of three things: installment loans (like a car or student loan), revolving charge accounts (such as a credit card) and a mortgage.

Make on-time payments every month. Your payment history makes up the biggest portion of your credit score.
Spend 25% or less of your total credit limit each month. If you are given a credit limit of $1,000, you would not want to charge more than $250 to your bill each month, for example. This allows you to maintain a good “debt to credit ratio,” and shows that you are not a high-risk borrower.

If your credit score isn’t where you would like it to be, don’t panic! 83% of the population experiences changes to their FICO® Credit Score by up to 20 points month to month. You can take steps to begin to improve your credit score at any time! While it may take 1-2 months to see changes, better financial behaviors will impact your credit score.

If you have debt that has entered into collections (I.E. has been sold by a lender to a debt collections agency), you have important rights that you should be aware of. A debt collector may not contact you at inconvenient times or places, such as before 8 in the morning or after 9 at night, unless you agree to it. And collectors may not contact you at work if they’re told (orally or in writing) that you’re not allowed to get calls there.

If you have entered into collections, and have been contacted by a debt collector, you may request to stop further contact in a written letter to be sent to them. Sending such a letter does not get rid of the debt you owe, but it will stop further contact, with the exception of a lawsuit being filed against you to regain money owed. If you send the debt collector a letter stating that you don’t owe any or all of the money, or asking for verification of the debt, that collector must stop contacting you. You have to send that letter within 30 days after you receive the validation notice.

The Fair Credit Billing Act allows you to resolve billing errors and limits your liability on unauthorized purchases to $50 per credit card.

The Fair Debt Collection Practices Act prohibits debt collectors from using unfair or deceptive practices to collect overdue bills that a creditor has forwarded for collection.

If you find any errors on your credit report visit www.ftc.gov/idtheft for instructions on correcting errors. The Office for Student Money Management at Wichita State can help walk you through this process as well.