

The Credit Score Quiz



How much do you really know about your credit score?
How much is myth vs. fact? Take this 12-question quiz. It won't take long—
but the knowledge can go a long way toward improving your score.

- 1. Which of the following service providers may use credit scores to decide whether a person can buy a service and/or what price he or she will pay?**
 - a. Mortgage lender
 - b. Credit card issuer
 - c. Home insurer
 - d. Cell phone company
 - e. Electric utility
 - f. Landlord
 - g. All of the above
- 2. On a \$20,000, 60-month auto loan, about how much more would a borrower with a bad credit score pay than a borrower with a good report?**
 - a. Under \$1,000
 - b. \$1,000-\$3,000
 - c. \$3,000-\$5,000
 - d. More than \$5,000
- 3. Which of the following does a credit score mainly indicate?**
 - a. Knowledge of consumer credit
 - b. Attitude toward consumer credit
 - c. Amount of consumer debt
 - d. Risk of not repaying the loan
 - e. Financial resources to pay back the loan
- 4. Which of these groupings contains three factors that are all used to calculate a credit score?**
 - a. A person's age, missed loan payments, and marital status
 - b. Missed loan payments, high balances on credit cards, and ethnic origin.
 - c. Marital status, high balances on credit cards, and personal bankruptcy
 - d. A person's age, high balances on credit cards, ethnic origin
 - e. Missed loan payments, high balances on credit cards, and personal bankruptcy
- 5. Who collects the information on which credit scores are most frequently based?**
 - a. FICO and VantageScore Solutions
 - b. Three main credit bureaus: Experian, Equifax, and TransUnion
 - c. Individual lenders
 - d. Federal government
 - e. All of the above
- 6. Does each consumer have just one credit score?**
 - a. Yes
 - b. No
- 7. Which of the following is usually a good generic credit score?**
 - a. 400
 - b. 500
 - c. 600
 - d. 700
- 8. When are lenders that use credit scores required to inform borrowers of the credit score used in the lending decision?**
 - a. After a consumer applies for a mortgage
 - b. On all credit card, auto, and other consumer loans when a consumer doesn't receive the best terms and/or lowest interest rate available
 - c. Whenever a consumer is turned down for a loan
 - d. All of the above
 - e. None of the above
- 9. Which of the following actions helps a consumer raise a low score or maintain a high one?**
 - a. Make all loan payments on time
 - b. Keep credit card balances under 25% of the credit limit
 - c. Avoid opening several credit card accounts at the same time
 - d. All of these
 - e. None of these
- 10. When will multiple inquiries about getting a mortgage or auto loan lower one's FICO or VantageScore credit score?**
 - a. Each time one makes an inquiry
 - b. Only when one makes at least five inquiries
 - c. Never during a one- to two-week window
 - d. Never
- 11. How important is it to check the accuracy of your credit reports at the three main credit bureaus?**
 - a. Very important
 - b. Somewhat important
 - c. Not very important
- 12. When you cannot resolve a complaint to a credit bureau or lender about your credit report or credit score, which of these federal agencies is best suited to help you resolve the problem?**
 - a. Federal Reserve Board
 - b. Federal Trade Commission
 - c. Consumer Financial Protection Bureau
 - d. Department of Justice

Answers

- 1. The answer is g: All of the above.** Mortgage lenders and credit card issuers often use credit scores to help decide whether they will extend credit and, if so, at what price. In most states, many auto and home insurers use specialized credit scores to help determine annual premiums. Cell phone companies, electric utilities, and landlords may use credit scores to decide whether they will require a security deposit and, if so, how large it should be.
- 2. The answer is d: More than \$5,000.** On a typical \$20,000 auto loan from a bank, a borrower with a low score would likely be charged at least \$5,000 more in interest than a borrower with a high score.
- 3. The answer is d: Risk of not repaying a loan.** Credit scores predict this risk by analyzing your history of borrowing money and paying your bills on time, as reflected in the credit reports compiled by the three national credit bureaus. While other factors, such as savings and income, may influence repayment risk, the credit scoring models that produce credit scores only consider credit report contents.
- 4. The answer is e: Missed loan payments, high balances on credit cards, and personal bankruptcy.** Each of these three factors is closely related to the risk of not repaying a loan, and all are used to calculate credit scores. Age, ethnic origin, and marital status are not factors used to calculate credit scores.
- 5. The answer is b: Three main credit bureaus collect information on the credit use of more than 200 million Americans and make it available in credit reports.** FICO and VantageScore Solutions have developed the most widely used scoring systems that use credit reports to calculate credit scores.
- 6. The answer is b: No. Consumers have many credit scores.** Consumers have generic scores, often developed by the three national credit bureaus, which are made available by these credit bureaus, by FICO, by some lenders, and by some independent websites (such as CreditKarma.com, Quizzle.com, and Credit.com). These scores give consumers an idea of their general credit risk, whether they can obtain credit, and whether they will be charged subprime rates. Consumers who apply for credit also have scores computed by individual lenders. But even when different lenders use the same score, they may charge different rates, so it is important for borrowers to shop around.
- 7. The answer is d: 700.** Scores above 700 – the most common credit scoring scale range is 300-850 – are usually considered by lenders to indicate low credit risk, while scores below the mid-600s are often considered to indicate some or great risk. Thus, those with low scores are much more likely to be denied credit or charged high, subprime rates. However, it is important to recognize that scoring models may use other scales, so it's essential to know where a score falls on its model's scale range.
- 8. The answer is d: All of these.** Federal law requires mortgage lenders to inform applicants of the generic scores these lenders use in evaluating loan applications. It also requires mortgage and consumer lenders that use generic scoring models to disclose a credit score when a consumer is not offered the lowest interest rate or best terms available.
- 9. The answer is d: All of these.** In general, following these three actions will help raise a low score, though it usually takes many months to turn a low score into a high one. On the other hand, high scores could drop considerably if these actions are not followed. For example, someone with a good score may lose up to 70-90 points when payments are missed on credit card or automobile loans, and more than 100 points when a mortgage payment is missed.
- 10. The answer is c: Never during a one- to two-week window.** Multiple inquiries during this period are treated as a single inquiry by FICO and VantageScore credit scoring models and also usually by other scoring models. An inquiry after this window has closed may be considered a second inquiry, so could lower one's credit score. But keep in mind that multiple inquiries rarely lower a consumer's credit score as much as one missed loan payment.
- 11. The answer is a: Very important.** Lenders may have provided inaccurate information, or failed to add accurate information, about your payment history to your credit reports. And, since many consumers have similar names, even accurate information may have been added to the wrong file. Each of the three main credit bureaus – Equifax, Experian, and TransUnion – is required by federal law to provide a free copy of your credit report once a year upon request. An easy way to get each report is to visit www.annualcreditreport.com or call 877-322-8228.
- 12. The correct answer is c: The Consumer Financial Protection Bureau, which helps consumers resolve many types of complaints about credit reports and credit scores.** But before filing a complaint with them at www.ConsumerFinance.gov/Complaint, the Bureau recommends filing your complaint and obtaining a response from the credit bureau or other company with which you are dealing.

About The Quiz

The Credit Score Quiz and accompanying website, creditscorequiz.org, are informational tools developed by the Consumer Federation of America and VantageScore.



Consumer Federation of America



The two organizations developed the quiz and website to increase consumer knowledge about credit scores and how to improve them. Earlier this year, we asked the Opinion Research Corporation to administer this quiz to a representative sample of 1,000 adult Americans. The quiz results indicate that many Americans could improve their credit score knowledge and ability to manage their scores. We encourage individuals to take this quiz and urge teachers and other educators to utilize it in financial education programs.

CFA is a nonprofit association of more than 250 nonprofit consumer groups that was established in 1968 to advance the consumer interest through research, education, and advocacy. Learn more about CFA at consumerfed.org.

VantageScore is a predictive generic credit scoring model created by Equifax, Experian, and TransUnion. With VantageScore, lenders can accurately score millions of Americans who were previously unscorable, opening doors for many creditworthy borrowers. Learn more about VantageScore at VantageScore.com.