

# Advice on obtaining your credit scores online

By Christopher Doyle

Do you know that the credit score you pull yourself as a consumer may be completely different than the score a lender pulls, even if done on the same day?

Most people don't realize that when they pay money to one of the credit reporting bureaus (Experian, TransUnion or Equifax) to obtain their credit score that they are not purchasing the same score their mortgage lender receives.

The credit score is an incredibly complex mathematical formula (or algorithm) that predicts the probability of default. Each of the three bureaus uses a different formula when calculating the score, weighing different components of a credit file differently. Yet the scores available directly to the consumer run through an even different algorithm than the one used when a mortgage company accesses the information. For instance, a mortgage lender purchasing a credit score from Experian will receive the "Experian/Fair Isaac Risk Model" score. A consumer purchasing their Experian score directly through Experian's website will receive a "PLUS Score," which uses a different calculation.

Experian's website includes a brief disclaimer that states: "A PLUS Score is a credit score developed by Experian, using a similar formula to those used by lenders." TransUnion's website states: "Don't be surprised if your credit score from a creditor or lender is slightly different than the credit scores that you checked online."

I've seen differences that I would not consider "slight." I've seen lender scores vary by 10 to 20 points from the consumer score, and they typically are lower!

Since consumer scores run through a different algorithm, it stands to reason that they will produce a different score. It's also likely to produce confusion to the consumer in the event a mortgage lender's score is lower than the consumer score. It is especially difficult in those cases where a consumer is near a score cut-off point for a particular program. Imagine the frustration when the lender's score is below a particular threshold, yet the score the consumer pulled is above that threshold. And to rub salt in the wound, mortgage lenders won't accept the score or credit accessed directly by the consumer.

Why even offer a consumer score if it is likely to be different than the lender score? Because selling consumers their scores is a huge profit center for all three of the credit reporting agencies in the U.S.

In fact, the Equifax website called myFICO.com, where consumers can purchase their scores, boasts that they have sold over 10 million credit scores to U.S. consumers since 2001. Third parties can even sign up as an affiliate and earn

20% to 30% commissions on selling scores through their own websites, further boosting the bureaus' profits.

Still, there is merit in a consumer accessing their credit information directly from the individual bureaus, especially when they need to correct and dispute erroneous information. But consumers would be best advised not to pay the additional money to purchase the consumer scores, and purchase only the raw credit information instead.

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