

How to Monitor Your Credit with Free Annual Credit Reports

The Fair Credit Reporting Act (FCRA) states that each of the three main credit bureaus — TransUnion, Experian and Equifax — must provide you with a free annual credit report once a year. You can use these free reports to monitor your credit throughout the year. Monitoring your credit is important because incorrect (and possibly negative) information can be added to your credit records at any time.

Here's how to monitor your credit simply by using your three free annual credit reports:

1. Order a credit report from one bureau in January.

Monitor the report for mistakes. Double-check to make sure that all the charges on your credit report are yours, and that they were billed correctly. Additionally, make sure all of your personal information is correct. (Check, for example, to make sure that your Social Security number is listed correctly.)

2. Order your next credit report, from a different bureau, in May (or four months after you ordered your first report).

Again, check for errors, but also keep an eye out for new activity — that is, activity within the last four months. If you don't recognize a new account, that could be a sign of identity theft.

Also, check to make sure that the information is up-to-date. If you know you paid off a loan or another line of credit, but your credit report says the debt is still outstanding, you'll need to [dispute that item](#) on your credit report.

Disputing inaccurate information is particularly important if you plan to apply for a new line of credit any time soon. Your interest rate will depend in good part on your credit score, after all, and your credit score is determined by the information in your credit report.

3. Order your final credit report, from the third credit bureau, in September (or four months after you ordered your second report).

Once again, check for errors and new activity. The hope is that you'll recognize and agree with every item on your credit report. The point of monitoring your credit regularly is to ensure that you address inaccurate information and/or investigate suspicious activity as quickly as possible.

Remember: Just because a credit report is free doesn't mean it's accurate. Review all your credit-related documents carefully.