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## SMART MONEY

# Credit Scores You Don't Know You Have

By ALEKSANDRA TODOROVA

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If you're vigilant about your money, your credit score is probably as familiar to you as your home phone number. It affects everything from the interest rates you pay on loans and credit cards to the size of your insurance premiums.

And because one company's product -- Fair Isaac's FICO score -- has come to dominate the marketplace for credit scoring, for many consumers a FICO score has become equivalent to "credit score."

What you may not know is that your FICO score -- the one you're buying from Fair Isaac's site [www.MyFico.com](http://www.MyFico.com)<sup>1</sup> or credit bureau Equifax -- could be quite different from the scores that businesses actually use to make credit decisions.

A FICO score for consumers was created by Fair Isaac in 1999 as a general-purpose indicator, says Craig Watts, a Fair Isaac spokesman. It's meant to give consumers an idea of their credit standing, and is the figure lenders use to help determine your mortgage rate.

But for other industries, from auto lenders to insurance providers, Fair Isaac has more refined scoring models. It helps to know what those other scores are and what you can do to improve them.

### Auto-Loan Scores

Think of the credit scores that auto lenders use as traditional FICO scores with a soft spot for the auto-related part of your credit report. If you've had auto loans that have been paid on time, for example, your auto-loan FICO score will reward that more than your traditional FICO. But if you've had late payments on an auto loan, or a car repossession, your auto score will suffer more than your traditional score.

#### WHAT'S AVAILABLE

All three credit bureaus sell some version of a credit score. Credit scores are big business: In 2005, the credit bureaus and Fair Isaac generated \$380 million in revenue from the sales of credit scores, reports and credit-monitoring products, according to Tower Group, a financial research firm. In 2001, revenue barely reached \$50 million.

Other than that, the components that make up your auto-loan score are pretty much the same as those that make up your traditional score, Mr. Watts explains. Those include your repayment history, the amount of credit you use relative to your limits and the length of your credit history.

The good news for first-time car buyers or anyone who

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At TransUnion, you can buy a three-bureau credit report with your credit score for \$29.95; Experian sells an Experian credit report and score for \$15, or a three-bureau report and score for \$34.95.

What you may not know is that these credit scores are simply knock-offs of the real thing. "The only place to get your legitimate FICO score is through FICO's Web site or Equifax," says John Ulzheimer, president of Credit.com. The credit scores sold by TransUnion and Experian are their own so-called "educational scores" that are sold to consumers -- not lenders.

Such a score will give you an idea of where you stand, along with reasons why your score is where it is and how you can improve it. But if you're shopping for a mortgage, best stick with the original FICO, says Gerri Detweiler, author of "The Ultimate Credit Handbook."

doesn't have any auto-related credit history: You won't be penalized for not having owned a car before. In other words, the two scores should be similar, at least until you get your first auto loan.

Auto-loan scores aren't available to consumers, so if you're in the market for a new car, your best bet is to review your credit reports for errors, especially any related to the auto industry.

### Insurance Scores

Insurance scores are used by auto insurance and homeowners' insurance underwriters to determine the insurer's risk of losing money -- in other words, the risk that the claims you file in a given year will exceed your

insurance premiums.

You'd think that your insurance score would be based largely on your past insurance claims. Not so. Whether it comes from Fair Isaac or ChoicePoint, the two companies that dominate the marketplace, your insurance score is based on your credit report. It just weighs the components in a different way. With Fair Isaac's scores, for example, more preference is given to your payment history than in the traditional FICO score. ChoicePoint doesn't release any details on its scoring formulas.

Where insurance scores can get confusing is the range they use. Fair Isaac's FICO scores run between 300 and 850, but its insurance scores range from 300 to 900. (The company doesn't release a breakdown of what is considered a "good" insurance score the way it does for its traditional FICO score.)

ChoicePoint scores run from 200 to 997; anything above 776 is in the top tier. You can see ChoicePoint's full tier breakdown on its Web site ([www.choicetrust.com](http://www.choicetrust.com)<sup>2</sup>) and purchase your auto and homeowners' insurance scores for \$12.95 each.

### VantageScore

Six months ago, the three credit bureaus -- Equifax, TransUnion and Experian -- launched VantageScore, a new scoring model that competes directly with Fair Isaac's FICO score. Both scores are based on the same information -- included in consumers' credit reports -- but use a different scoring range. VantageScore ranges between 501 and 900 and attaches a letter grade from A, the highest, to F.

So far, only Experian sells VantageScore to consumers (\$5.95 from its Web site), claiming it has more than 700 creditors -- mostly midsize companies -- who are testing or already using the score. Equifax, on the other hand, says it will start offering VantageScore to consumers when it sees further adoption by creditors. TransUnion did not return calls for comment.

Should you purchase your VantageScore? John Ulzheimer, president of Credit.com, a consumer-education Web site, suggests holding off. "It's irrelevant if no one is using it right now," he says.

Mr. Ulzheimer points out that many lenders may take their time switching to the new score because of the costs involved.

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