

All Credit Repair Organizations Are Not Created Equal

With thousands of credit repair organizations conducting business across the country, finding the best one can be difficult and intimidating. It is very important that you take the time required to not only find a reputable one but also find one that has the knowledge, experience and ability to provide the level of service you expect and the premium results you deserve. Your decision should not be impulsive. Choosing a bad credit repair company will leave you vulnerable and increases the probability that further damage will be caused to your personal credit file but on the other hand, choosing a good credit repair company has the potential to be one of the best financial decisions of your life by dramatically cleaning up your personal credit file and improving your credit score. There are numerous items to consider beyond price when making your decision. Recognizing the difference between price and value is imperative as seeking assistance from an organization in the credit repair industry is almost always a case of, "You get what you pay for"•. The following paragraphs explain the four types of credit repair organizations that make up the industry and what to expect from each.

Credit Repair Organization Type 1:

The first type of credit repair company is typically a one-man show run out of a home office. In general, this type of organization advertises extremely low rates for their service and will usually have unbelievable service guarantees to top it off. It is not uncommon for this type of credit repair company to be a complete scam and take the consumers' money without providing any service at all. Moreover, if you are dealing with an organization that falls into this category you are lucky if the only thing you lose is your money and not your identity in the process. In this day and age, identity theft is happening on epidemic proportions. Unless you know the company to be reputable, you should think twice before handing over your private information.

While all credit repair organizations that fall into this category are not scams, it is very common for the individual running this type of company to be completely unaware of the compliance all credit repair organizations must adhere to. This organization will typically use 3 or 4 standard credit dispute letters that are extremely generic and not intended to be used in all situations. Although using standard dispute letters may provide some level of positive results, their use also has the potential to further damage your credit. Moreover, the use of standard dispute letters usually only provides temporary results as the negative information removed from your personal credit file will most likely reappear on your personal credit file the next time it is reported by the creditor.

Credit Repair Organization Type 2:

The second type of credit repair company generally appears to be much more legitimate. It will have a physical office but similar to credit repair company type 1, they only use the same standard credit dispute letters mentioned above. While typically not intending to operate illegally, compliance issues are usually overlooked. The largest difference between credit repair company type 1 and 2 is that the second usually makes use of an inexpensive software program that allows it to produce volume and handle customers on a much larger scale. The letters used are extremely generic and for that reason, will not get the best possible results. Although this type of credit repair company may do a large amount of business, they are not setup to handle customers that have particular credit related problems. This type of credit repair company uses more of a cookie cutter approach.

The first two types of credit repair organizations mentioned make up for more than 90% of the credit repair industry. Credit repair company type 3 and 4 are substantially different and make up for less than 10% of the credit repair industry. It is very important to note the differences.

Credit Repair Organization Type 3:

Not only is the third type of credit repair company usually compliant with the laws governing credit repair organizations, but it is also usually well versed in the U.S. Code used to challenge negative credit items on the consumers' credit file. Using more than just standard dispute letters, this type of organization can be much more effective than the first two. Because this type of credit repair company has such a good understanding of the U.S. Code related to credit, it is typical for this type of organization to offer custom credit repair work to its customers. The ability to provide custom work for its customers allows this type of organization to go above and beyond the level of service provided by the first two types of credit repair organizations.

Credit Repair Organization Type 4:

The fourth type of credit repair company is very much like the third type in that it is usually compliant with federal law, extremely well versed in the U.S. Code required to be effective in the credit repair industry and typically also offers to perform custom credit dispute work for its customers. The largest difference between credit repair company type 3 and 4 is that credit repair company type 4 has attorneys on staff or is contracted with a law firm. Credit repair company type 4 will also usually be more expensive than the other three credit repair company types but will almost always be more effective. Not only can an attorney based credit repair company provide the best results possible, but a credit repair company that has attorneys on staff or is contracted with a law firm can also enforce the consumers' rights should legal action be required to correct inaccurate items on a consumer's personal credit file. Beyond that, by using an attorney based credit repair company, the consumer can minimize the possibility that an item will be re-reported by a creditor as an attorney has the ability to take additional steps to block inaccurate items from being re-reported on a consumer's personal credit file. There are very few credit repair organizations that fall into this category.

As you can see, it is not only important to find a credit repair company that is staffed with subject matter experts and has the ability to provide great results but it is also crucial to find one that is compliant with the guidelines set forth by the federal government. Further, you should now understand the benefit of using a credit repair company that has attorneys on staff or is contracted with a law firm. Your personal credit file has more of an influence in determining your financial future than most anything else. You should not put your personal credit file in the hands of just anyone. Choose a credit repair company that is compliant, well versed in the related U.S. Code, staffed by subject matter experts and attorneys or employs the services of a law firm.

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