

## What do the codes on my VantageScore mean?

When you receive a credit score from a lender, the CRCs and even some educational websites, it could contain up to four reason codes, which are also known as score factor codes. These codes, and their brief descriptions, are meant to help you understand how information in your credit files affects your credit score—and explain why you may not have a perfect score. For an explanation of your codes visit [ReasonCode.org](http://ReasonCode.org).

## Where can I find more information about credit scores?

Become a more informed borrower by visiting [YourVantageScore.com](http://YourVantageScore.com). You'll find tools and information to help you better understand how credit scoring works, including:

- Timely articles and other credit scoring resources
- VantageScore's monthly newsletter
- Links to our social media sites



# A consumer's guide to credit scores and VantageScore



## What is a credit score?

A credit score is a three-digit number that companies use to help determine whether they'll extend credit to you, and at what terms. Banks, credit unions, loan companies, credit card firms, utilities, landlords and other entities all use them, although not necessarily in the same ways.

The three-digit credit score number is generated by a mathematical formula using the information contained in your credit file. Your credit file is a record of your payments, open and closed accounts and other financial information submitted by banks and other firms to one of the three national Credit Reporting Companies (CRCs): Equifax, Experian and TransUnion. Credit score models like VantageScore distill that information into a three digit number that reflects the likelihood you will become 90 days past due on a payment in the future. In general, the higher your score, the less likely you are to miss future payments.

## What is VantageScore?

VantageScore is a mathematical credit score model used today by lenders across the U.S. to look more closely and broadly at borrowers' credit files—and gain more insight about their ability to repay.

## How is the VantageScore model different?

Credit scoring companies all use different mathematical models to generate your credit score. But not all of them look at the same information in the same way, and some ignore records that might cast your credit activity in a better light.

For example, older credit score models focus on the most recent six months of information in your credit file, but the VantageScore model considers at least 24 months of credit file information. This and other behind-the-scenes features mean the VantageScore model can generate scores that are more predictive, and it can score up to 35 million more people— so more consumers are likely to have a score, and therefore have access to credit at the right terms.



# Insights to help you manage your credit score

## What affects my score?

Your VantageScore credit score—and other credit scores—depends on information such as the number of your credit accounts, amounts you've borrowed, the speed you've paid them back and other factors like those listed here.

Extremely influential

### Payment history

Make sure you pay all bills on time

Highly influential

### Age and type of credit

It's helpful to maintain a mix of accounts (credit cards, auto, mortgage) over time to improve your score

### % of credit limit used

Focus on keeping revolving balances low, under 30% of credit limits

Moderately influential

### Total balances

Best to reduce the amount of debt you owe

Less influential

### Recent behavior

Don't open too many new accounts too quickly

### Available credit

Only open the amount of credit you need

## What doesn't count

Other things don't factor into the VantageScore model—or any other credit scoring model, for that matter—including race, color, religion, nationality, gender, marital status, age, salary, occupation, title, employer, employment history, where you live or even your total assets.

## How do I improve my credit score?

There are several ways to improve your credit score. In general, it's most important to focus on improving what's in your credit report by ensuring that you use your credit optimally. Here is some advice on how:

- **Pay your bills on time.** How promptly you pay your bills has the strongest influence on your VantageScore 3.0 credit score.
- **Apply for credit only when you need it.** Do not open too many accounts too frequently. And avoid opening multiple accounts within a short time span.
- **Keep your outstanding balances low.** A good rule of thumb? Keep balances below 30 percent of the credit limit on any account.
- **Reduce your total debt.** It is not necessarily bad to owe some money. But it is not good to owe too much money. Consider paying down some of your outstanding loans.
- **Build up a credit history.** Maintaining a timely payment history for a mix of accounts (e.g., credit cards, auto, mortgage) over a longer period can improve your score.

## What does my score mean?

Credit scores are just one piece of information that lenders could use to evaluate your creditworthiness. The impact of your score will depend on where it falls along the range of possible scores, something that can vary between different types of credit scores. The VantageScore 3.0 model, for example, uses a score range of 300 to 850, which is similar to other models. On that scale, here's what your score would indicate:



- **Excellent (781–850)** = ranks higher than 77 percent of U.S. consumers. Most lenders are likely to provide the best credit terms available to these consumers.
- **Great (721–780)** = ranks higher than 60 percent of U.S. consumers. Most lenders are likely to provide very good credit terms to these customers.
- **Good (661–720)** = ranks higher than 45 percent of U.S. consumers. Most lenders are likely to provide reasonable credit terms to these consumers. Some lenders may wish to review the credit history of consumers in this category in more depth and may require additional documentation in order to extend favorable terms.
- **Fair (601–660)** = ranks above 32 percent of U.S. consumers. Lenders typically view consumers in this category as higher risk. While many lenders still make credit available, they likely will offer somewhat less favorable terms to compensate for higher default rates in this category.
- **Unfavorable (500–600)** = ranks in the lowest 32 percent of U.S. consumers. Lenders generally view this as a very high-risk group. Some traditional lenders may extend credit but will require much higher interest payments to compensate for the increased risk associated with this category.
- **Deficient (300–499)** = ranks in the lowest seven percent of U.S. consumers. Lenders generally view this as a very high-risk group. Many prefer not to extend credit to this group. Some may extend traditional credit but will require much higher interest payments to compensate for the increased risk associated with this category.

## Take the quiz

Your credit score can affect all parts of your financial life. Test your credit scoring knowledge by taking the simple quiz at [CreditScoreQuiz.org](https://www.credit.com/credit-score-quiz).