



Why scores go down

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I have excellent credit, yet my FICO® score went down. Why?

There are various reasons why your FICO® score may have gone down:

- **Have you missed any payments?** Late payments, collection accounts, settled accounts, repossessions, foreclosures, and public record items (tax liens, judgments, bankruptcies) can have a major negative impact on your FICO score. Even minor late payments, such as 30-day delinquencies, can negatively affect your score. Your payment history makes up the largest part of your FICO score, so the longer you pay your bills on time, the better your FICO score.
- **Are you comparing different scoring formulas?** All scores offered by myFICO are true "FICO" scores developed by FICO (Fair Isaac Corporation). Other web sites offer a mix of different scores, many of them non-FICO scores developed by other companies. These non-FICO scores are typically used only for credit education purposes and are not actually used by lenders to make credit decisions. Over 80% of lenders use FICO scores as part of their lending decision, so make sure you are comparing FICO scores only with other FICO scores.
- **Have you looked at the "Negative Factors" on your myFICO report?** These factors point out the areas most responsible for your score not being higher, and when compared with earlier reports, can help identify the causes for a drop in your FICO score.
- **Have you closed any credit card accounts, increased any credit card balances, or had any credit limits reduced?** Any of these events can result in an increased proportion of credit card balances to available credit, which can lower your FICO score.
- **Have you applied for or opened any new accounts lately?** Establishing a new credit account can be an indicator of increased risk and can reduce your FICO score.

Thinking of closing accounts to raise your score?

- **FICO Tips - closing accounts**
- Closing old accounts might actually lower your FICO score.
- Closing a revolving (credit card) account reduces the amount of credit you have available to you, which in turn can increase the percentage of credit you're using - an increase in this percentage of credit being used can lower your score
- Late payments and other account history won't disappear from your credit report if you close the account.
- Having available credit that you don't use won't lower your FICO score.
- You may have reasons other than your FICO score to close old credit card accounts that you don't use - but don't do it just to get a better FICO score.