

Bogus charge wrecked your credit? Get it fixed

Dear Penny

Dear Penny, Recently, my husband and I looked into refinancing our mortgage and discovered that my credit score, which had been well above 800, had dipped to the high 600s. The reason: A debt collection agency reported that we failed to pay a bill to our children's pediatrician.

I started receiving calls from this agency in late 2019. They called from various numbers and never left any messages. I had to Google the numbers to figure out where these strange calls were coming from. Since, to my knowledge, I didn't have any outstanding debts, I didn't reach out.

Finally in April 2020, they sent a letter asking me to contact them over a supposedly unpaid \$90 bill to the pediatrician. As it turns out, the \$90 bill was billed on my son's account. However, when the pediatrician received my payment, it was mistakenly applied to my daughter's account. Over the phone, the accounting department corrected the error and confirmed that I owed them nothing.

They said they would notify the collection agency, but I don't know if that ever happened. I emailed the collection agency immediately to inform them that the pediatrician had confirmed that I didn't owe them anything, and requested verification

if they still believed that there was an outstanding debt.

Fast forward to October 2020, and I found out the debt collection agency has tanked my credit score. I've worked hard over the last 20 years to build good credit. Needless to say, I was not happy that such a small debt that I didn't even owe caused such damage. What can I do to fix my credit?

-D.

Dear D., How frustrating that after 20 years of doing everything right, your credit score took a hit because of someone else's error. Unfortunately, this is a common problem. About one in five credit reports are estimated to contain errors. Many people don't find out that their reports are among them until they're seeking a financing decision.

The good news is, this should be easily fixed. The pediatrician's office admits this was a mistake. If you only discovered the error in October, they may have already taken the proper steps to correct it but your credit reports don't yet reflect it.

Your first step is to get a free copy of your credit reports from all three bureaus at annualcreditreport.com. You won't see your credit scores on your official reports, but you'll find all the information used to calculate your scores.

Then, call the doctor's office again to follow

up. If they've notified the bureaus or the collection agency, ask them to forward you the correspondence. Also request that they copy you on any communications they have moving forward.

If they haven't done anything? Try to stay calm. Mistakes happen, and the person on the phone may not be the person responsible. But be sure to emphasize that this mistake is interfering with your refinancing. A \$90 mix-up may not seem especially urgent to someone who didn't just see their credit score plummet by more than 100 points.

Once you confirm what steps they've taken — or will take — ask for a statement confirming that this bill was sent to collections by mistake. Then file a dispute directly with the credit bureaus. You can find templates at FTC.gov. If you can get a statement, be sure to attach it as evidence.

You can submit your dispute through AnnualCreditReport.com. But I'd consider instead doing it via registered mail. That way, you can confirm that your dispute has been received. Include a copy of your credit report with the disputed information highlighted. Send any statement you're able to get from the doctor's office to the collection agency via registered mail, as well.

Typically, credit bureaus have 30 to 45 days to investigate disputes. Since there's no question about whether you owe this money, they may be able to resolve it faster. If they don't respond

within 45 days, you should file a complaint with the Consumer Financial Protection Bureau.

There is one option that may speed things up if this is holding up your refinance called a rapid rescoring. Basically, a lender can provide new information to the bureaus and get them to speed up the process of updating your reports. Only a lender can request a rapid rescoring on your behalf, and not all lenders offer the option.

Otherwise, it will take some time and probably a few headaches on your part to get this fixed. But it will be worth the effort once you've restored your credit score to that pristine 800plus status.

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