What factors make a credit score higher or lower?

- **Payment history.**
  - Paying bills on time helps your credit score. That's the single biggest factor, accounting for as much as **35%** of your FICO® Score.
- **Credit usage rate.**
  - Experts recommend using no more than 30% of your total credit card borrowing limit to avoid lowering credit scores. Credit usage, also known as your credit utilization rate, is responsible for about **30%** of your FICO® Score.
- **Length of credit history.**
  - FICO® Scores tend to increase over time. New credit users can't speed that up, but establishing a record of timely payments will help build scores as credit history stretches out. Length of credit history accounts for up to **15%** of your FICO® Score.
- **Total debt and credit.**
  - Credit scores reflect your total outstanding debt and the types of credit you use. The FICO® Score tends to favor a variety of loan types, including both installment credit (loans with fixed monthly payments) and revolving credit (like credit cards, with variable payments and the ability to carry a balance). Credit mix can influence up to **10%** of your FICO® Score.
- **Recent applications.**
  - Applying for a loan or credit card triggers a process known as a hard inquiry, in which the lender requests your credit score for use in its lending decision. Hard inquiries typically lower your credit score by a few points, but as long as you continue to pay your bills on time, scores typically rebound within a few months. (Checking your own credit is a soft inquiry and does not impact your credit score.) Recent credit applications can account for up to **10%** of your FICO® Score.
- **Derogatory information.**
  - Certain credit report entries can severely lower credit scores for extended periods of time, depending on the nature of the information. Because these entries are not found in all credit reports, FICO® doesn't assign them percentage weights. The negative impact of these entries dwindles over time, but initially at least, they can outweigh all other factors and severely drive down your credit score. Derogatory entries include accounts sold into collections, foreclosures and bankruptcies.

Importance of Factors: (listed from highest influential to less influential)

- Most influential: Payment history (paying bills on time)
- Highly influential: Age and type of credit (establishing a good mix of loan accounts); percent of credit limit used (avoiding "maxing out" cards)
- Moderately influential: Total balances and debt (limiting debt to what's prudent)
- Less influential: Recent credit behavior and inquiries (applying for new credit); available credit (avoiding opening unneeded credit accounts)

Credit scoring models are all trying to identify consumers who handle credit responsibly. If you adopt and stick with good credit habits, all of your credit scores will tend to improve.

Other Factors to Consider

- If you're a new credit user, you probably have a comparatively low credit score. That doesn't mean you've done anything wrong. It's just a reflection of lenders' desire for borrowers with a track record of responsible credit usage. As long as you pay your bills on time and avoid maxing out your credit cards, your score should increase steadily over time. There's not really anything that can be done to speed up the process, but you can derail it if you're careless, so be careful.

- Creditors almost never base lending decisions on credit scores alone. Depending on the type of loan and the amount you want to borrow, they may ask for proof of income, length of employment and even what savings and other assets you have, to gauge your ability to pay back the debt.

- Credit scores do not take into account income, savings, length of employment, or alimony or child support payments, but lenders may take these additional factors into consideration when making lending decisions.