

FICO Score Calculation

The FICO Score It was developed by Fair Isaak Company. Its purpose was to be a tool in aiding lenders and other credit granting companies to gauge an applicant's risk that they will default on a loan in the next 24 months. The FICO Score used a calculation based on your credit file to arrive at a three digit number ranging from 300 to 850.

FICO Score Calculation

- Past payment history is 35% of the calculation
- Total debt as a percentage of your total credit available is 20% of the calculation
- The length of time you have had various credit accounts or credit history, such as bank accounts and credit cards accounts for 15% of the calculation
- New credit, such as credit cards account for 10% of the calculation FICO Score Calculation at that time

Your FICO Score is calculated at the time it is requested by the lender. All the information is pulled from your credit file at the time of the request. If you applied for a loan a day before, your FICO Score will be negatively affected. FICO Score Calculation - how to improve

- Credit card debt reduction will increase your FICO Score
- Credit Score inquiries, when many are made close in time frame to each other will reduce your FICO score at calculation time
- Credit card purchases, for example for furniture, will hurt your FICO Score Calculation. Many home loan lenders will run your FICO Score Calculation twice, once at application time and second just before the loan closes. Don't go out and purchase furniture at the last moment with your credit cards.
- Credit Scores should be monitored regularly, at least once a year. FICO Score Calculations should be checked especially well ahead of any loan application, so that you will have time to fix any errors.
- Experian, Equifax, and TransUnion are the major credit bureaus which calculate your FICO Score. Check your credit report with all these three bureaus.
- Increase your FICO Score Calculation by paying your bills on time. Calculate your FICO Score See what your score is now, don't wait until just before you apply.