Why Your Credit Score May Vary

When obtaining your personal credit score it is important to remember that while the information on each report tends to be very similar, they all utilize completely different criteria to calculate their final scores. Each report will include personal information consisting of an individual's name, date of birth, address, and employment history as well as a summary of accounts, public records (liens, judgments, bankruptcies), and a list of past inquiries. A credit score is typically generated based on past payment history, utilization of credit, established history of accounts and the mixture of credit types reported.

This is where the similarities stop. An individual's FICO score – the credit score most widely used by lending institutions – may be different at each of the three main credit reporting agencies, and depending on the version utilized by that particular lending institution, may vary from lender to lender. For example, the most recent version of the FICO score (FICO 9) lessens the negative consequence to consumers with medical collection items as well as smaller credit files than previous versions of the FICO score. These changes to the FICO algorithm could result in an increased score under the FICO 9 model vs. previous models.

In addition to the various versions of the FICO model, the FICO algorithms can be tailored to the specific use. As a result, an individual may have a higher credit score when applying for a revolving credit card, compared to a mortgage credit score taken at the same point in time.

In summary – obtaining a personal credit score should give you a good indication of your overall credit health. However, due to the significant number of variables involved in the calculation of the score, it is likely to have some variation from reporting agency to reporting agency, as well as institution to institution.

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