

4 Extremely Common Credit Score Myths, Debunked

We're not saying you should forget everything you know about credit – but we are saying that there is A LOT of credit misinformation out there.

Scroll through to see if any of these common credit myths sound familiar. Once you're armed with the correct information about building credit, you'll be ready ready to debunk these credit misconceptions the next time someone tries to throw them your way.

Together with our sponsors at CreditRepair.com, here are the most common credit misconceptions you need to know about:

#1

Credit Myth

Using debit cards will help build your credit score.

Credit Reality:

Debit cards don't help you build credit, because they themselves are not a form of credit. Credit, by definition, is a measure of how well you borrow money.

With a debit card, you're not borrowing anything – you're using money from a linked checking account to make a purchase. Because a debit card doesn't represent a loan, your debit activity isn't reported to the credit bureaus, and use of a debit card doesn't build your credit score.

To build good credit, show that you can use credit responsibly. Start with a credit card that doesn't charge an annual fee, and use it **responsibly**.

#2

Credit Myth

You should carry a balance on your credit card.

Credit Reality:

You are NOT helping your credit by intentionally leaving a balance on your credit card!

When you fail to pay your credit card bill in full, you may wind up paying hefty interest on your purchases. Your credit utilization is also likely to increase, which can further damage your credit score. Pay off your balance on time every month (and in full, if you're able).





#3

Credit Myth

Credit cards are not for people who stick to a budget.

Credit Reality:

Assuming it's always better to pay in cash can get tricky when it comes time to things like applying for an apartment or ditching the family phone plan for your own line. Without credit history, approval for seemingly simple things can be hard to come by, so start building your credit history as soon as you're able to responsibly.

Only use your credit card to make purchases you know you can afford to pay off with your current cash reserves, then pay off the balance in full each month. If you're worried about missing a payment, link your checking account directly to your credit card to set up automatic bill pay or set up payment reminders.

#4

Credit Myth

Closing credit cards will increase your credit score.

Credit Reality:

If you wipe out years of credit history by closing your first credit card, you could negatively impact your credit score.

Not only that, each time you close an account, you lower your amount of total available credit, increasing your debt-to-credit ratio, which can also hurt your credit score.

Especially if they don't have an annual fee, keep old credit cards open and active with an occasional recurring charge like your gym membership or music streaming subscription that you pay off immediately. This helps keep your credit history long and healthy.



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