

# ***DECODING CREDIT***

**VOL - I**

# **CREDIT AND BEYOND**

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## Purpose of the 'Decoding Credit' Series

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When we started Athena CredXpert, one thing became very clear to us very quickly: credit touches almost every aspect of one's financial life, yet very few people truly understand it. We would meet borrowers who were confused about their credit reports, unsure of why their scores had dropped or unaware of how lenders viewed their profiles. On the other side, we saw lenders dealing with challenges in assessing risk and regulators constantly working to strengthen transparency in the system. Somewhere between these three stakeholders - borrowers, lenders and regulators - there was a clear knowledge gap.

That gap is what inspired us to create the *Decoding Credit* series. We wanted to build something that explains credit and all its facets in a way that is simple, practical and accessible to everyone, while capturing the larger picture of the entire credit ecosystem in India.

It is not a one-time initiative but a continuous journey. We will be publishing Handbooks periodically, each focusing on different aspects of credit. Over time, *Decoding Credit* will grow into a knowledge repository that evolves with regulatory changes, new innovations and the shifting dynamics of the credit landscape.

We believe this series will be useful to anyone who is part of the credit ecosystem. Borrowers will gain a clearer understanding of how different types of loans work, what to look out for before borrowing and how to manage debt responsibly. Lenders will find perspectives on customer behaviour, industry challenges, and evolving practices in credit delivery. Regulators and policymakers can use it as a resource to capture ground-level insights. More than anything, the series aims to bring greater awareness and transparency to the way credit functions in India.

Our hope is that *Decoding Credit* becomes more than just a set of Handbooks. It becomes a guide, a bridge, and a tool for empowerment.

***The more we understand credit, the more confidently we can navigate it.***

## Purpose of the 'Credit and Beyond' Handbook

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*Credit and Beyond* is the inaugural Handbook of the *Decoding Credit* series. It lays the foundation for understanding credit in its simplest form while exploring its impact on everyday financial decisions.

Your Credit Report is more than just a document - it is a financial blueprint that shapes your borrowing power, interest rates, and even job prospects. In India, where Credit Scores influence everything from loans to employment and rental agreements, staying informed is no longer optional - it is essential. Yet, many people do not fully understand how credit works, what impacts their Credit Score, or how to fix errors when things go wrong. Many myths and misconceptions exist around how credit works, and misinformation can lead to costly mistakes.

***That is where this Handbook comes in.***

This Handbook is designed to simplify the complexities of Credit Information and empower you with the knowledge to take control of your financial future. Whether you are trying to improve a low Credit Score, correct inaccuracies in your Credit Report, or simply maintain strong credit health, this Handbook offers practical insights and step-by-step strategies tailored to your needs.

This Handbook breaks down key credit concepts in an easy-to-follow manner so you can make informed decisions before problems occur - not after.

Whether you are a first-time borrower, someone recovering from past financial challenges, or simply aiming to safeguard your financial reputation, this Handbook is your go-to guide. Because good credit health is not just about getting approved – it is about achieving financial freedom, better opportunities and peace of mind.

Brought to you by Athena CredXpert (ACX) - a team of passionate credit professionals dedicated to helping individuals and entities understand, improve and take charge of their credit health. At ACX, we believe that financial empowerment begins with credit awareness, and this Handbook is part of our mission to make that awareness simple, actionable and accessible to all.

## Meet the authors

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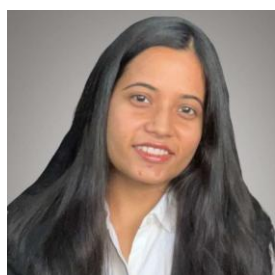


Satish Mehta is a Chartered Accountant with over 45 years of experience in Housing Finance, Consumer Finance, Credit Information and Management Consultancy. He was the Founding Managing Director of CIBIL, laying the foundation for India's Credit Bureau infrastructure and later led global Credit Bureau initiatives at Dun & Bradstreet. He also advises the World Bank

Bank on credit information systems. As the Founder & MD of Athena Advisors, Athena e-learn and Athena CredXpert, he brings global expertise to help individuals and institutions improve credit health and financial well-being.

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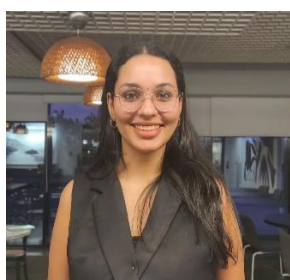


Mitushi Chaurasia, a Finance graduate, has deep expertise in Housing Finance, Credit Information systems and Credit Bureaus. With a strong background in commerce and a proven track record of building customer-centric solutions, she plays a critical role in shaping Athena's vision, strategy and growth. She is an Executive Director & COO at Athena Group.

As Co-Founder of Athena CredXpert, she leads and drives strategic initiatives to enhance operational excellence, execution and organisational growth. Her career focus blends analytical insight with a customer-first approach, making her a key contributor to innovations that shape financial literacy and credit empowerment in India.

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Sameeksha Shetty graduated with a Bachelor's degree in Management Studies (Finance). Starting her professional journey with Athena CredXpert, she has been actively involved in developing and shaping product design, processes and policies and supporting the setup of the IT infrastructure. With a strong interest in research and problem-solving, she enjoys breaking down complex ideas into structured, practical solutions.

## Why does credit health matter?

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Imagine this - you apply for a loan and instead of facing endless questions and sky-high interest rates, you are offered favourable terms with ease. No last-minute rejections, no stressful back-and-forth. Sounds ideal, right? That is the power of good credit health. Your Credit Score is not just a number; it is your financial passport, opening doors to better opportunities, lower interest rates, and a smoother financial journey. In India, where lenders rely heavily on Credit Scores, maintaining a strong credit profile can mean the difference between getting that dream home loan effortlessly or struggling with rejections and high EMIs. So why does credit health matter so much? Let us break it down.

### 1. Easier loan approvals & lower interest rates

Think of your Credit Score as your financial reputation - it is the first thing lenders check before deciding whether to trust you with their money. Lenders in India evaluate your Credit Score before approving any loan or credit card. A high Credit Score (750+) typically signals responsible financial behaviour, making lenders more willing to offer you credit. It could also qualify you for loans at lower interest rates, reducing your overall repayment burden. In contrast, a low Credit Score could lead to rejections or force you to take loans from NBFCs at much higher interest rates. . Imagine two people applying for the same home loan - one with a good Credit Score gets it at 8.5% p.a., while the other, with a poor score, gets stuck with 12% p.a. That difference translates to lakhs of extra rupees paid in interest over the years.

### 2. Improved eligibility for rental agreements & employment opportunities

In major Indian cities, landlords increasingly check Credit Scores before renting out properties, especially for high-value rentals. A poor Credit Score might make it difficult to secure a house on rent or may lead to demands for a higher security deposit.

Similarly, many employers, particularly in the financial sector, conduct credit checks as part of their hiring process. A strong credit profile enhances your credibility, proving that you are financially responsible and trustworthy.

### 3. Lower insurance premiums & easier approval for utility services

Insurance companies in India are starting to consider Credit Scores while determining premiums. A good Credit Score may qualify you for lower premiums, saving you money in the long run.

Similarly, when applying for postpaid mobile connections, broadband services, or gas connections, companies may check your credit history before approving your request. A strong credit profile ensures hassle-free approvals without additional security deposits.

### 4. Better financial stability & emergency preparedness

Emergencies can arise anytime, be it medical expenses, sudden home repairs, or unexpected job loss. A good Credit Score ensures that you can access emergency credit when needed. Banks offer personal loans

and credit lines more readily to individuals with a solid credit history, helping them manage crises without resorting to expensive borrowing options like loan sharks or payday loans.

In India, medical expenses are one of the leading causes of financial distress. A strong credit profile ensures you can get a medical loan instantly, avoiding financial strain during health emergencies.

## **5. Helps in business & entrepreneurship**

If you are a business owner or planning to start one, your personal Credit Score can impact your ability to secure business loans. Indian banks and NBFCs often assess an entrepreneur's personal credit history before approving business loans. A good Credit Score increases your chances of getting working capital loans, MSME loans, and business credit cards at favourable terms, helping your business grow.

Your Credit Score quietly shapes your future - whether it is getting a dream home, funding a business or handling emergencies. Yet, many realize its importance only after rejections or high costs.

The truth is, your Credit Score is not just about today - it defines the financial choices available to you tomorrow. Taking charge of your credit health now means securing a future with freedom, confidence and stability.

## Understanding credit & credit information

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After seeing the importance or consequence of good credit health, it is time to take a step back and understand the fundamentals of credit.

### **What is credit?**

At its core, normally, credit is a financial arrangement in which individuals or businesses gain access to funds, goods, or services with a promise to repay the lender at a later date. This system allows people to make purchases or investments without needing immediate funds, making it a vital part of both personal finance and business operations.

Credit comes in different forms - credit cards, personal loans, home loans, vehicle loans and business loans, all of which function on the fundamental principle of borrowing now and repaying later.

### **Credit Information**

Every financial decision you make regarding borrowing and repayment is tracked and compiled into a credit history. This is called credit information. This credit-related information is collected and maintained by Credit Bureaus and sourced directly from banks, NBFCs, and other lending institutions. This data is then used to generate Credit Reports and Credit Scores, which help lenders assess the borrower's risk level before approving a loan or a credit card.

### **Credit Report: A snapshot of your credit history**

A Credit Report is a detailed summary of a borrower's credit history, compiled by Credit Bureaus. Lenders use this report to gauge whether an applicant is financially responsible and capable of repaying debt.

A Credit Report is structured into four main sections:

- **Credit Score:** A three-digit number from 300 to 900 that reflects your creditworthiness (Explained in detail below).
- **Demographic Information:** Includes personal details like name, date of birth, PAN / Aadhaar number, contact information and address(es).
- **Accounts Information:** Lists all active and closed credit accounts, including loans and credit cards, along with repayment history, outstanding balances and defaults / delinquencies (if any).
- **Enquiry Information:** Records all instances where lenders have accessed your Credit Report in response to your credit applications.

### **Credit Score: Your financial report card**

A Credit Score is a three-digit numeric value, ranging from 300 to 900, that indicates an individual's likelihood of defaulting on credit obligations. The higher the score, the lower the perceived risk for lenders. In India, a

score of 750 and above is generally considered excellent, increasing the chances of loan approvals at favourable terms.

Factors that impact your Credit Score include:

- **Payment History:** Timely payments boost your score, while late payments or defaults can bring it down.
- **Written-off/Settled accounts:** Loan accounts that are written off or settled (i.e. not fully repaid as per original terms) signal credit distress and can significantly lower your Credit Score.
- **Credit Utilization Ratio:** Using a high percentage of your available credit limit can negatively affect your score (this is specifically for credit cards and overdraft facilities).
- **Credit Mix:** A healthy mix of secured (home or car loans) and unsecured (credit cards or personal loans) credit can have a positive impact.
- **Length of Credit History:** A longer credit history with good repayment behaviour is beneficial.

While these are the known factors, the exact formula used to calculate a Credit Score is a black box - Credit Bureaus do not disclose the precise weight each factor carries.

Also, each Credit Bureau has its own algorithm to calculate the Credit Score - which is why your Credit Score might differ across all four Credit Bureaus.

### **What if you are New-to-Credit (NTC)?**

If you have never taken a loan or credit card, you are considered New-to-Credit. In such cases, Credit Bureaus handle scoring differently:

- **TransUnion CIBIL:** Gives a score between 100 - 200.
- **Experian:** Gives a score between 1 - 10.
- **Equifax:** Does not assign any score or code.
- **CRIF High Mark:** Does not assign a score but gives an “Exclusion Code - 17” if your file is “too thin” (meaning you have very little or insufficient credit data). If you have no accounts at all, no score or code is given.

Being NTC can make lenders hesitant to extend credit, as there is no past repayment behaviour to assess.

The best way to start building your profile is to take a credit card (preferably secured against a fixed deposit), use it responsibly by never utilizing more than 30% of your credit limit and repay your bills on time.

Over time, this helps establish your credit history and build a healthy Credit Score.

## **Credit Bureaus: The custodians of credit data**

A Credit Bureau is an organization that collects, maintains, and analyses credit information from financial institutions to generate Credit Reports and Scores.

The concept of Credit Bureaus originated in the late 19th century in the United States, when local businesses began sharing information on customers' repayment behaviours. Over time, these informal networks evolved into formal agencies that collected and standardized credit data. By the mid-20th century, Credit Bureaus became essential for lenders worldwide.

In India, Credit Bureaus play a crucial role in the financial ecosystem by maintaining credit histories and generating Credit Scores. The Reserve Bank of India (RBI) has licensed four Credit Bureaus to operate in the country:

- TransUnion CIBIL: The first and most widely used Credit Bureau in India, established in 2000.
- Experian: A global Credit Bureau that started Indian operations in 2010.
- Equifax: Entered the Indian market in 2010, offering consumer and business credit analytics.
- CRIF High Mark: A Credit Bureau that provides Credit Reports for individuals, MSMEs and rural lending institutions.

India has a well-regulated system for managing Credit Information, supervised by the Reserve Bank of India (RBI) under the Credit Information Companies (Regulation) Act, 2005 (CICRA 2005). This law sets the rules for Credit Bureaus, ensuring that they operate fairly, protect consumer data, and maintain transparency in credit reporting.

On 6th January 2025, the RBI issued the [Master Direction - Reserve Bank of India \(Credit Information Reporting\) Directions, 2025](#) which consolidates and updates guidelines on data reporting, consumer protection, and grievance redressal.

Together, these two documents form the core framework governing credit information in India.

Now that you understand credit and credit information, let us explore some common credit issues and their solutions - because knowing how to fix a problem is just as important as avoiding it in the first place.

## The impact of poor credit

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Picture this: a grand wedding in Maharashtra, all set to take place, only to be abruptly called off - not because of last-minute cold feet, but because of a Credit Score. In an unusual yet real case from Murtizapur, the bride's family decided to check the groom's score during the final stages of wedding preparations. What they found was alarming - multiple loans, outstanding debt and a poor credit history. Concerned about his financial stability, they called off the wedding. Traditionally, arranged marriages in India have focused on horoscope matching and family reputation, but this case proves that financial responsibility is now also a key factor in life decisions.

This might seem extreme, but the reality is that a poor Credit Score can follow you everywhere. It does not just affect your ability to take loans - it increases your expenses, adds stress to your life and can even impact your career and personal relationships.

Then there is the stress of dealing with collection agents. If you have ever missed multiple EMI payments, you will know how relentless the follow-up calls can be. Some agents may be polite, but others can be aggressive, calling at odd hours or even reaching out to your workplace. In extreme cases, lenders might take legal action, adding another layer of anxiety to an already difficult situation.

What many people do not realize is that Credit Scores can even impact job opportunities. Several financial sector companies, including fintech firms, consider credit history while hiring. Kunal Shah, the CEO of CRED, has publicly stated that his company only hires employees with a credit score of 750 or above. Employers see a strong credit profile as a sign of responsibility and a poor Credit Score might silently work against you during the hiring process.

The bottom line? Your Credit Score is more than just a number - it reflects your financial habits, and it has real-world consequences. While a poor Credit Score can create roadblocks, it is not a life sentence. With the right strategies, you can rebuild your credit profile and take back control of your financial future.

## Common credit issues and their solutions

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Maintaining a healthy Credit Score is crucial for financial stability, yet many individuals encounter common credit challenges that can impact their Credit Scores. Recognizing these issues and taking the right steps to resolve them can help you build and sustain a strong credit profile.

### 1. Late or missed payments

Your payment history is the most significant factor affecting your Credit Score. Even a single late or missed payment can lower your Credit Score and make lenders view you as a high-risk borrower. Missed payments also attract late fees, higher interest rates, and penalties.

#### **How to fix it:**

- Set up automatic payments or reminders to ensure timely payments.
- If you have missed a payment, pay it as soon as possible - the longer it remains unpaid, the more damage it does.
- If you have a genuine reason for missing a payment, contact the lender to negotiate a resolution.

### 2. Settled, Written-off accounts and Overdue amounts

Settled accounts, written-off accounts, and overdue payments (Days Past Due or DPD) can severely impact your creditworthiness.

A settled account means the borrower has paid only part of the outstanding dues, and the remaining amount was “forgiven” by the lender. While this may close the loan, it leaves a negative remark on the Credit Report, signalling to future lenders that the borrower did not fulfil the complete repayment obligation.

A written-off account is when a lender declares a loan as a loss after prolonged non-payment, but the borrower is still legally liable to repay.

Days Past Due (DPD) indicates how many days a payment has been overdue, and frequent late payments can significantly lower a Credit Score. Additionally, accounts classified as Non-Performing Assets (NPA) - which include Sub-Standard, Doubtful, and Loss Assets - are serious red flags for lenders.

Having any of these remarks on a Credit Report can make it extremely difficult to obtain future credit, as they indicate high credit risk and past financial distress.

#### **How to fix it:**

- Always pay EMIs on time to avoid Days Past Due (DPD) remarks and prevent accounts from becoming NPAs.
- If your account has been classified as an NPA, work with the lender to restructure the loan and prevent further damage to your Credit Score.

- Negotiate with the lender to convert a "Settled" status into a "Closed" status by repaying the remaining dues, if possible.
- If an account is "Written-Off," discuss a repayment plan with the lender and request an update on your Credit Report once cleared.

### 3. High credit utilization

Credit utilization refers to the portion of available credit being utilized by the borrower. It applies to credit cards, overdrafts and cash credit facilities. A high ratio (above 40% of your credit limit) signals excessive dependency on credit and negatively impacts your score.

#### How to fix it:

- Keep credit utilization below 40% of your total credit limit.
- Request a higher credit limit, while keeping your spending the same to lower your credit utilization ratio.
- If required, make multiple payments in a month to keep outstanding balances low.

### 4. Errors in Credit Report

Mistakes on Credit Reports are more common than most people realize. These errors may include:

- Incorrect personal information (wrong name, address, PAN number)
- Loan accounts that do not belong to you (due to error in the de-duplication process or identity theft)
- Loan accounts that belong to you but are not reported
- Incorrect loan statuses (loans marked as active when they are closed or vice versa)

#### How to fix it:

- Check your Credit Reports from all four Credit Bureaus at least once a year - *it is free*.
- If you find errors, immediately raise a dispute with the respective Credit Bureau and, if needed, escalate the issue by marking a copy to the lender.
- Maintain detailed records and documents of loan closures, settlements and payments, as they serve as crucial evidence when disputing errors in your Credit Report.

### 5. Multiple unsecured loans

Having multiple unsecured loans, such as personal loans and credit cards, can negatively impact your credit profile as lenders prefer a balanced secured-to-unsecured loan ratio i.e. credit mix.

A high number of unsecured loans indicates higher risk, as these loans typically have no collateral backing. Ideally, maintaining a mix of secured loans (home, auto, or gold loans) and unsecured loans can improve creditworthiness.

A well-balanced credit portfolio reassures lenders of your ability to manage different types of credit responsibly.

**How to fix it:**

- Maintain a balanced credit mix by opting for secured loans when possible.
- Avoid taking multiple unsecured loans simultaneously, as it increases perceived risk for lenders.
- Be cautious with Buy-Now-Pay-Later (BNPL) loans and EMI schemes; only use them for essential purchases, not impulsively.
- If managing multiple unsecured loans, ensure timely payments to prevent a negative impact on your score.
- For multiple credit cards, spread usage across cards to reduce your credit utilization ratio and avoid closing accounts unnecessarily.

**6. Being a loan guarantor and its risks**

Many people do not realize that being a guarantor for someone else's loan directly impacts their own credit profile. When you agree to be a guarantor, you take on the legal responsibility for repaying the loan if the primary borrower defaults. If they fail to make timely payments or default entirely, the lender can demand repayment from you, and the missed payments or default will be recorded on your Credit Report. This can lower your Credit Score and affect your ability to secure loans in the future. Lenders view guarantors as equally liable, so even if you are not the one using the loan, your creditworthiness is at stake.

**How to fix it:**

- Before agreeing to be a guarantor, ensure that the borrower is financially stable.
- Regularly check the loan status to ensure payments are made on time.
- If the primary borrower struggles to pay, work on a solution before the loan turns delinquent.

**7. Fraudulent Activities and Identity Theft**

Identity theft involves criminals misusing your personal information to commit fraud, such as opening credit accounts, taking loans, or making unauthorized transactions in your name.

In India, cases of identity theft are steadily rising and are far more common than most people realize. Fraudsters can obtain your details through data breaches, phishing scams, or lost documents and use them to access credit without your knowledge.

When they fail to repay, the resulting delinquencies, charge-offs, collections and repossessions appear on your Credit Report, significantly lowering your Credit Score. Victims of identity theft often face financial losses, legal complications, and the long process of disputing fraudulent accounts to restore their credit standing.

**How to fix it:**

- Regularly check your Credit Reports from all four Credit Bureaus to identify unauthorized accounts or suspicious activity.

- Immediately report any fraudulent transactions to your bank or lender and raise a dispute with the Credit Bureaus.
- File a police complaint (FIR) in case of serious fraud to create an official record for legal and Credit Bureau investigations.
- Avoid sharing sensitive financial information over unsecured networks and be cautious of phishing emails or scam calls pretending to be from lenders or Credit Bureaus.
- Change passwords for online banking, credit card accounts, and emails, and enable two-factor authentication for added security.
- Monitor your bank and credit card statements frequently to detect unauthorized transactions early.
- If you are unable to resolve the issue on your own, or the dispute process feels overwhelming, consider seeking help from a trusted credit doctor or credit repair company to guide you through the process and help restore your credit standing.

## **8. Viewing credit negatively**

Many people avoid taking credit after a bad credit experience, assuming that staying away from loans and credit cards will improve their financial health. However, responsible credit usage and timely repayments can actually help rebuild a poor Credit Score. Lenders assess your ability to manage credit. Instead of avoiding credit, adopting good repayment habits, maintaining a healthy credit mix, and using credit wisely can gradually improve your score and strengthen your credit history.

### **How to fix it:**

- Understand that credit is a financial tool and using it wisely can help you achieve long-term financial stability.
- Building a good credit history early can make future borrowing easier and more affordable.
- Managing credit well fosters financial discipline, helping you develop habits that support long-term wealth creation and stability.

## Myths about credit scores

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Many people misunderstand how Credit Scores work, leading to bad financial decisions. Let us bust some of the biggest myths about credit-scoring:

### **Myth 1: Checking your own Credit Score will lower it**

Many people believe that checking their own Credit Score can negatively impact it, but this is not true. When you access your own Credit Report, it is considered a soft inquiry, which has no effect on your Credit Score. Credit Bureaus recognize the importance of individuals reviewing their own financial data, so any inquiries generated from personal checks are ignored.

### **Myth 2: Paying off a loan, settling an account or closing an account removes it from your Credit Report**

Many assume that once a loan is fully paid off, settled, or closed, it disappears from their Credit Report. However, loan and credit account histories remain on your Credit Report for several years, even after closure. The only way an account can be removed is if you can prove that it was reported incorrectly or does not belong to you. Credit Bureaus operate on a "Credit Bureaus do not forget" principle, meaning that records such as Days Past Due (DPD), settled accounts or written-off accounts will continue to appear on your Credit Report, even if the dues have been cleared.

### **Myth 3: Settling a loan will have the same impact on my Credit Score as closing the loan**

Settling a loan might stop collection calls, but it leaves a lasting "Settled" remark on your Credit Report - this tells lenders you did not repay the full loan, which lowers your Credit Score. In contrast, a "Closed" account means the loan was fully repaid as per the agreed terms, which builds a positive credit history.

### **Myth 4: If you have never taken a loan or credit card, you will have a high Credit Score**

In reality, no credit history means no Credit Score. Credit Scores are based on your past borrowing and repayment behaviour, so if you have never taken a loan or used a credit card, there is no data for lenders to assess your creditworthiness. Individuals with little to no credit history are classified as NTC (New-to-Credit) users. Some Credit Bureaus assign exclusion codes to NTC users instead of a traditional Credit Score. Since lenders rely on credit history to evaluate repayment patterns, they may be hesitant to approve loans for someone without any past credit behaviour. It is advisable to start building your credit early - for example, by getting a credit card with a low credit limit and using it wisely and regularly. Timely repayment of even small amounts helps gradually builds your credit profile.

### **Myth 5: Credit Scores from different Credit Bureaus are always the same**

Credit Scores can vary across different Credit Bureaus because each Credit Bureau uses its own algorithm to calculate Credit Scores. While all Credit Bureaus consider similar factors, they assign different weightages to these criteria based on their unique models. These scoring algorithms are the intellectual property of each

Credit Bureau and are not standardized, which is why your Credit Score may differ between CIBIL, Experian, Equifax and CRIF High Mark. Lenders may check Credit Scores from multiple Credit Bureaus before making credit decisions, so it is important to monitor your Credit Report across all the Credit Bureaus.

#### **Myth 6: A higher credit limit lowers your Credit Score**

A higher credit limit does not lower your Credit Score - in fact, it can help improve it when managed responsibly. This is because a higher credit limit reduces your credit utilization ratio, which is the percentage of credit used compared to your total available credit. A lower credit utilization ratio is a key factor in maintaining a strong Credit Score. For example, if your credit limit increases but your spending remains the same, your credit utilization ratio decreases, which signals better credit management to lenders. However, if a higher credit limit leads to increased spending, it can negatively impact your Credit Score. Responsible credit usage is the key to maximizing this benefit.

#### **Myth 7: Business loans do not impact personal Credit Scores**

Business loans generally do not affect personal Credit Scores - unless they are taken in your personal name or with a personal guarantee. If you personally guarantee a business loan, you become equally responsible for repayment. Any default, missed payment, or settlement on the business loan will directly impact your Credit Score.

#### **Myth 8: Your income affects your Credit Score**

Many people believe that a higher income leads to a higher Credit Score, but income has no impact on your Credit Score. Credit Scores are calculated based on factors such as credit history, repayment behaviour, credit utilization ratio, length of credit history, and types of credit used - but not your earnings. However, lenders may assess your income separately when deciding loan eligibility.

#### **Myth 9: Paying the minimum due on a credit card is enough**

Many believe that paying only the minimum due on a credit card is sufficient to maintain a good Credit Score. However, while it helps you avoid late fees, it does not prevent interest from accumulating on the remaining balance, which would in turn increase your outstanding balance. Credit card companies charge high interest rates on the unpaid amount, leading to a growing debt burden over time. To maintain a healthy credit profile, it is best to pay the full outstanding balance each month rather than just the minimum due.

#### **Myth 10: Joint loans will not impact your Credit Score if the co-borrower is the one to default**

A common misconception is that if a co-borrower defaults on a joint loan, only their Credit Score is affected. In reality, both borrowers are equally responsible for the loan repayment. If the co-borrower misses payments or defaults, the lender will report the delinquency under both names, impacting both Credit Scores. Even if you make your share of payments on time, a default by the co-borrower can lead to negative marks on your Credit Report, making it harder to get future credit. It is crucial to ensure that both borrowers are financially responsible and to monitor payments regularly to avoid any surprises.

## Rebuilding your score after a credit disaster

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You might have gone through a financial setback, and now your Credit Report is filled with delinquencies, defaults, or settlements. It may feel overwhelming, and you might worry that these mistakes will haunt you forever - but does bad credit really have to define your future? While negative records stay on your Credit Report for several years, you can take proactive steps to rebuild your creditworthiness and regain financial stability.

The key to repairing and improving your Credit Score is to make consistent, responsible financial choices that gradually outweigh past mistakes. Rebuilding credit takes time, but with discipline and the right strategies, you can move forward. Here is what you need to do:

### 1. Assess the damage

Before you can fix your credit, you need to understand exactly where you stand. Obtain your Credit Report from all four Credit Bureaus (TransUnion CIBIL, Experian, Equifax, and CRIF High Mark). Each Credit Bureau may have different information as each Credit Bureau follows its own data acceptance logic, so reviewing all of them gives you a complete picture. Carefully analyse the Credit Report for any negative marks, errors and inconsistencies, such as late payments, defaults, settled or written-off accounts, high credit utilization and identity theft issues. Identifying these issues is the first step toward resolving them.

### 2. Know the dispute resolution process

Before filing a dispute, it is crucial to understand the process. Once you raise a dispute to a Credit Bureau, you will receive a Service Request (SR) Number via your registered email. Credit Bureaus are legally required to resolve or reject your dispute within 30 days. If they fail to do so, you are entitled to compensation of ₹100 per day for the delay. Keeping track of your dispute status and following up is essential to ensure timely resolution.

### 3. Organize all the errors

Group the errors you found in your Credit Report into two categories:

- **Group 1:** Delinquencies and negative marks that belong to you, such as missed payments, defaults, and high utilization.
- **Group 2:** Incorrect information, fraudulent accounts, identity theft cases, or accounts that do not belong to you.

Each of these categories requires a different approach to rectification.

#### **4. Take control of your payments**

For the first group of errors, where you are dealing with defaults and unpaid debts, it is crucial to address them in a way that minimizes the impact on your Credit Score.

- Negotiate with lenders for a repayment plan if you are struggling to clear overdue amounts. Some lenders may agree to restructure your EMI schedule.
- Try to clear settlements and written-off accounts as they remain on your Credit Report for several years. If possible, pay the full amount rather than just settling to reduce the negative impact.
- If a debt is in collections, contact the creditor directly to discuss a resolution. Once repaid, request a closure letter as proof.
- Do not ignore legal notices from lenders regarding outstanding debts - it is always better to communicate and resolve issues proactively rather than letting them escalate.

#### **5. Correction in case of Fraudulent activities and Identity theft**

For the second group of errors, take the following steps:

- Gather evidence - collect supporting documents such as account statements, past payment proofs, and any correspondence with lenders to substantiate your dispute.
- Notify the Credit Bureau - submit a formal dispute along with evidence to the Credit Bureau that reported the incorrect information.
- Follow up with the lender - after informing the Credit Bureau, also send a dispute letter to the lender that supplied the incorrect data, requesting correction.
- Monitor your Credit Report regularly - even after errors are corrected, periodically check your Credit Report to ensure the bad information does not reappear.
- In case of a dispute rejection, if the creditor insists that the incorrect information is accurate, escalate the matter by filing another dispute or seeking legal assistance or writing to the RBI Ombudsman regarding the same.

#### **6. Add positive information to your Credit Report**

Correcting your Credit Report is not just about removing negative information - it is also about ensuring that positive credit behaviour is reflected in your report.

- Ensure all your good credit history is recorded - if an account with a strong repayment history is missing from your report, dispute it with the Credit Bureau to have it added.
- Become an authorized user - if a trusted family member or friend has a well-managed credit card, being added as an authorized user can help improve your Credit Score.
- Use credit responsibly - start rebuilding your Credit Score by making small purchases on a credit card and repaying them in full each month.

## **7. Consult a credit repair firm to help you**

If you feel overwhelmed by the process, do not understand the issues or do not have the time to manage disputes and negotiations yourself, consider consulting a professional credit repair firm. These firms have experience in dealing with Credit Bureaus and lenders, and they can help you navigate complex disputes and create a structured plan to rebuild your credit. However, ensure that you choose a reputable service provider and avoid firms that promise “instant” or “guaranteed” results.

## **8. Be patient and stay disciplined**

Credit rebuilding is a gradual process that requires consistent financial discipline. Your past mistakes will not disappear overnight, but if you continue to practice responsible credit habits, your Credit Score will improve over time. The older negative marks become, the less they impact your Credit Score, especially if you maintain a record of timely payments, low credit utilization, and responsible borrowing.

By following these steps, you can turn your credit situation around and work towards a stronger financial future.

## Credit Repair

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Having a poor Credit Score can feel like being stuck in a financial maze - loan rejections, high interest rates, and limited borrowing options can make even simple financial decisions stressful. However, a low Credit Score is not permanent. With the right steps, credit repair can help you rebuild your financial reputation and regain control over your credit health.

### **What is credit repair?**

Credit repair is the process of identifying and addressing issues in your Credit Report that may be hurting your Credit Score. This includes correcting inaccurate information, negotiating with lenders, improving repayment behaviour, and optimizing your credit utilization. It is not about quick fixes or "erasing" bad credit overnight - it is about strategic improvements that create long-term financial stability.

### **Common myths about credit repair**

#### **Myth 1: Credit repair can instantly boost your Credit Score**

Credit repair is not a magic tool. There is no overnight fix for credit improvement. Genuine credit repair involves correcting errors, making consistent on-time payments, and managing debt responsibly. Being patient is key - Credit Scores do not improve instantly, but with steady progress and the right habits, positive changes will follow.

#### **Myth 2: Credit counselling is only for people in debt**

Credit counselling is beneficial for anyone who wants to make informed financial decisions, improve creditworthiness and plan for future loans, even if they are not currently struggling with debt.

#### **Myth 3: All negative information can be removed from Credit Report**

Only inaccurate or outdated information can be removed through disputes. Legitimate defaults or late payments that occurred cannot be erased as Credit Bureaus operate on a "Credit Bureaus do not forget" principle - but a credit repair expert can guide you on how to counterbalance these negatives with positive behaviour to gradually improve your Credit Score.

#### **Myth 4: Once fixed, your credit will stay perfect forever**

Credit Scores are dynamic and change based on your credit activity. If you miss payments, take on excessive debt, or default on loans again, your Credit Score can drop. Credit repair is about learning better habits and maintaining them consistently – it is not a one-time fix.

### **Opting for professional credit repair services: is it worth it?**

Absolutely! While self-repairing credit is possible, it requires extensive knowledge of credit laws, lender policies and dispute processes. This is where professional credit repair services come in - they handle the complex work, ensuring that your credit profile improves efficiently and effectively.

Think of credit repair firms like doctors for your credit health - just as you consult a medical expert for persistent health issues, it makes sense to turn to credit professionals when your financial health needs attention.

Key benefits of consulting a credit repair firm:

- Expert dispute handling: Professionals know how to challenge inaccuracies effectively.
- Negotiation with lenders: They can help settle debts or remove negative remarks where possible.
- Time-saving solutions: The process can be overwhelming; experts handle it while you focus on your financial goals.
- Customized credit strategies: Personalized guidance to improve and maintain a strong credit profile.

For those looking for long-term credit health, working with a trusted credit repair and counselling firm can make all the difference.

At the end of the day, improving your credit is not just about fixing numbers on a Credit Report - it is about restoring confidence in your financial future. A credible credit repair partner does not just resolve disputes or send letters; they educate, guide and walk with you through the process. And if you are serious about making lasting changes, the right support can make all the difference.

That is where we come in. At Athena CredXpert, we combine data-driven strategies with personalized counselling to help individuals not just repair their credit - but rebuild their financial lives with clarity and confidence. This expertise comes from a professional team led by our two Founders, who together bring over 30 years of experience in the Credit Bureau industry.

## Athena CredXpert: Your partner in credit repair

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Athena CredXpert (ACX) is a Limited Liability Partnership (LLP) founded by Satish Mehta and Mitushi Chaurasia, with the vision of helping individuals and non-individuals build, manage and repair their credit health. We offer comprehensive credit counselling and related services throughout the credit lifecycle - whether you are just getting started or trying to recover from setbacks.

### What We Do

Our Primary goal is to guide:

- Individuals
- Non-Individuals

through:

- Identifying and resolving errors or irregularities in Credit Reports
- Improving and rebuilding Credit Scores
- Developing strong and sustainable credit behaviour for long term success

At ACX, we recognize that navigating the credit system - whether for personal finance or business needs - can be confusing and stressful. That is where we step in.

### Why Choose Athena CredXpert?

At Athena CredXpert, we believe everyone deserves a second chance at financial well-being.

With 30+ years of combined experience, we are:

- Ethical: No shortcuts or gimmicks - only honest, transparent service
- Data-driven: We analyse your credit profile in detail and offer tailored solutions
- Experienced: Led by an industry veteran with deep insights into credit systems and lending
- Supportive: You are never alone we guide you every step of the way

### Our Strengths, Your Advantage

#### Expertise

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Our team of experts bring deep industry knowledge and hands-on experience to every case. With us, you get expert-led guidance backed by years of real-world success in credit repair and Credit Score improvement.

#### Personalized Solutions

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We understand that no two Credit Reports - or credit goals - are the same, which is why we take a tailor-made approach to every client, crafting strategies that align with your specific goals and circumstances.

#### Transparency

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We believe in clarity and honesty at every stage of your journey. From the first review to the result, you will receive straightforward advice, full disclosure on steps taken and regular updates - no hidden processes ever.

## **Results-Driven Approach**

Your credit health is our top priority. We focus on real, measurable improvements – not vague promises. Every recommendation we make is designed to directly enhance your creditworthiness and help you achieve your financial goals.

For more information about us and our services, please visit our website at [Athena CredXpert - Our Services](#).

You can contact us at +91- 9004394065 / +91- 9321921775.