

# Rebuild Credit History After Overcoming Debt

Picking up the pieces after falling into serious debt or financial trouble can seem like a daunting task, but repairing the situation is not impossible. It simply takes time, patience and work.

“Understandably, people with bad credit may feel ashamed and embarrassed by their situation and believe there’s no way to fix it,” said Michael Sullivan, a personal financial consultant with [Take Charge America](#).

Sullivan shares these steps to rebuild your credit:

- **Pay bills on time – every time:** Payment history makes up a big part of a credit score. So, be sure to pay bills on time, follow any payment plans and bring any past-due accounts current. Consider setting up automatic payments to ensure they’re never late.

- **Become an authorized user:** Ask a willing loved one with good credit to add them as an authorized user on one of their cards. This can help improve a score by allowing them to piggyback on their credit history.

- **Don’t max out cards:** Using credit cards helps build credit, but people want to be careful not to max them out. Credit utilization ratio,

which compares a total amount of credit to how much people are using, plays a big part in a credit score. Try to keep it as low as possible by paying off balances every month.

- **Be careful with new credit:** While opening a new card may help lower the utilization ratio, too many new credit applications can negatively impact a credit score. Plus, new cards may be too tempting if people have struggled with spending in the past.

- **Review credit reports:** As people rebuild credit, they’ll want to keep tabs on their credit reports. They can get one free copy annually from each of the major credit bureaus at [AnnualCreditReport.com](#). Look for inaccuracies and file disputes for any errors they find.

- **Credit counseling:** Consider seeking assistance from a credit counseling agency such as [Take Charge America](#). They can help you create a customized budget to manage their debts and daily living expenses.

For more financial tips and guidance, check out [Take Charge America’s Financial Education Center](#) or take a free online debt review.

