



Inquiries and FICO Scores: An Explanation from SubscriberWise CEO and the Top Performing Credit Consumer in U.S. History

An explanation of credit inquiries from the founder of SubscriberWise and the highest achieving credit consumer in modern banking and financial history.

FORT MYERS, FL, U.S.A., October 27, 2014 /EINPresswire.com/ -- [SubscriberWise](http://SubscriberWise.com)®, the nation's largest issuing consumer reporting agency for the communications industry announced today that its president and CEO is offering a comprehensive explanation of consumer credit inquiries. Howe is the first and only individual to obtain and document simultaneous perfect FICO 850 scores at Equifax, Experian, and TransUnion since William Fair and Earl Isaac (FICO founders) invented general purpose credit scores nearly 30 years ago.

"Five years ago I consulted with Craig Watts, formerly the public affairs director for FICO, to discuss credit inquiries and their impact on FICO scores," said David Howe of SubscriberWise. "I also spoke with scoring professionals about the intricacies of credit inquiries and the impact from several credit inquiries in a short period of time.

"The impact of hard inquiries may not be limited to one's personal credit reports and scores," explained Howe. "It is a fact today that leading insurance companies may disqualify an insured - or prospective insured - from obtaining the most favorable rating because there are hard inquiries at the time the quote was requested. It's part of 'financial responsibility' underwriting and it's a factor that can impact the total premium quoted.

"Hard inquiries may or may not impact the calculation of a credit score," explained Howe. "When an inquiry does impact the credit score, a single inquiry or two is typically a minimal impact because

inquiries only account for approximately 10 percent of the various factors that are included in scoring formulas. Payment history and amounts owed are the two most weighted factors and account for 65 percent of the calculation of a FICO score, according to FICO

(<http://www.myfico.com/CreditEducation/WhatsInYourScore.aspx>.)"

I've seen plenty of 850s in my day, but I've never seen someone have the same score across all three credit bureaus. That's actually more uncommon than a perfect score.

— *FICO Expert and Credit Sesame's John Ulzheimer*



Howe obtains perfect FICO scores at Equifax, Experian, and TransUnion



Howe obtains a perfect Vantage score



David Howe of SubscriberWise

"Credit scores are not mysterious," emphasized Howe. "Rather it is the technology behind the scores that is highly elaborate and complex. This explains why consumers struggle to understand credit scores; this is the reason scores are perceived mysterious and often viewed with conspiracy and contempt. The different types of inquiries that may or may not impact the calculation of credit scores increase

confusion for consumers. Many banking professionals also have misinformation about the impact of inquiries.

“But consumers are not alone: to some extent even the developers of credit scores are seemingly trumped by the ingenuity and sophistication of their own invention,” argued Howe. “Consider, for example, that the scientists who create the scoring algorithms even they are unable to quantify the exact impact of one or more inquiries on the calculation of a score. Instead, each could offer only an educated estimation about what impact – if any – an inquiry may have. Although hardly an indictment on the technology or its designers, it speaks to the power and proven performance of computers and algorithms.

“Why? Primarily because the scoring formula is a complex algorithm and the technology incorporates multiple scorecards. Each scorecard is selected instantly and automatically and consumers are segmented into a scorecard based on similar credit profiles to increase predictive accuracy. FICO 8 (the model used by SubscriberWise today) has twelve unique scorecards; 8 non-derogatory and 4 derogatory scorecards. And within each scorecard there exists the various scoring factors that are used to calculate the credit score.

“Credit scores are also dynamic; they’re not stored on the consumer report. Scores are generated at the very moment they are requested,” explained Howe. “And when one considers the lightning-speed at which micro-processors can analyze a consumer report - with potentially hundreds or thousands of data factors - and instantly calculate a score, it adds to notions of subjectivity and mystery.”

“Moreover, because consumer credit reports vary wildly from person to person (i.e. thick files vs. thin files, derogatory vs. non-derogatory, age of files, etc, etc.) and because the various factors are each applied to these unique files, there’s no possibility one can know exactly the impact of one or more inquiries on the calculation of a score. It’s scorecard segmentation along with the diversity of the credit file: the payment history; the utilization; the length of the file; the absence or presence of public records; the types of credit in use; as well as other recent inquiries, that make it literally impossible for anyone to quantify a specific point-value to one or more inquiries.”

“The federal Fair Credit Reporting Act (FCRA) strictly limits access to consumer reports,” Howe continued. “Each time a consumer report is accessed there is a notation – either a hard or a soft inquiry – that must be recorded on a consumer credit report at the moment the file is requested. Today most consumers understand the difference between hard and soft inquiries. However, many consumers may not fully appreciate that the requirement to notate the file is designed to let the individual know - every step of the way - who is looking at their credit report and for what permissible purpose. In other words, the inquiry is not only for the benefit of creditors who may be reviewing an application for approval or as a factor to be calculated in a credit score. It’s also to inform consumers.

“Finally, notating a file with an inquiry every time it is requested is an excellent requirement and one that’s proven particularly useful for consumers who have been victims of identity theft,” concluded Howe.

About SubscriberWise

SubscriberWise® launched as the first U.S. issuing consumer reporting agency exclusively for the cable industry in 2006. In 2009, SubscriberWise and TransUnion announced a joint marketing agreement for the benefit of America’s independent cable operators. Today SubscriberWise is a risk management preferred-solutions provider for the National Cable Television Cooperative.

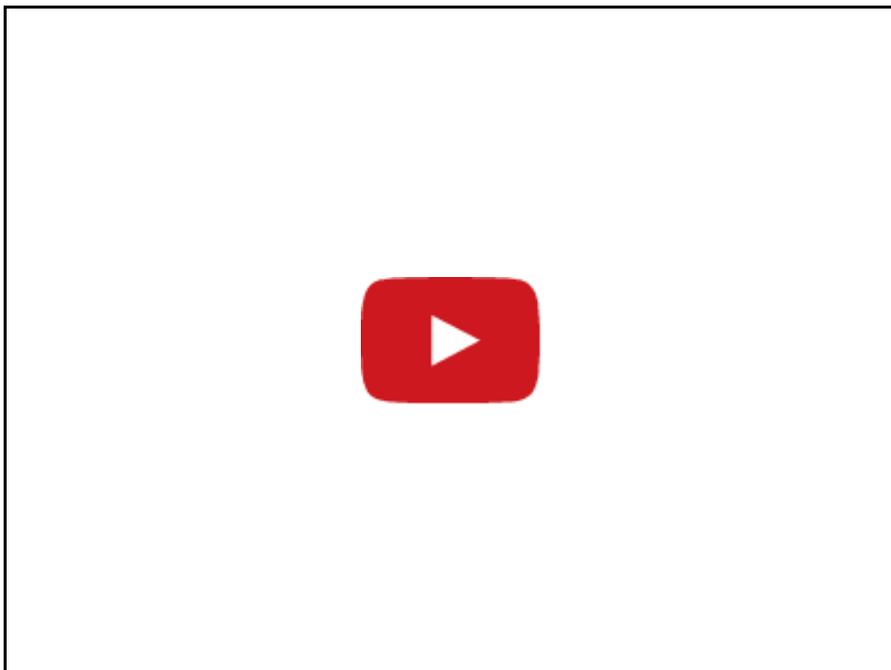
SubscriberWise contributions to the communications industry are today quantified in the tens of millions of dollars annually.

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