



## Those with Bad Credit

## Credit Learning Center



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Even if your credit is bad, there are still ways to get plastic and help your credit score.



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### Additional Credit Topics

**Those with Bad Credit** by Steven Anderson

### Those with Bad Credit

Everyone today has a credit card, except you. You are worried that you won't be able to get one, either because you have bad credit or no credit at all. Well don't worry about it too much. There are credit cards out there just for you! Banks have begun releasing credit cards to help people with bad credit begin to fix their credit and people with no credit to begin to build it. Unfortunately these cards tend to have higher interest rates and smaller lines of credit, but everyone has to start somewhere.



First we'll talk about prepaid debit cards. These present one avenue on the journey to establishing or repairing credit. These cards are accepted anywhere credit cards are and they are sort of a pay as you go type deal. Now this may not be as cool as a normal credit card, but beggars can't be choosers. They are extremely simple to use and safe as well. However you need to be on the lookout. Not all of these cards are being reported to the Credit Bureaus. If they aren't being reported then you aren't going to get anywhere on improving your credit history. So make sure that they are being reported and don't be surprised if they make you pay a small fee for this service.

Now the better type of card would be the secured credit card. These cards are available to almost anyone. These cards are the middle ground between pay as you go cards and actual credit cards. These cards usually require a security deposit between \$100 and \$500. They use this security deposit in case you are having trouble paying your debt. They use it to pay off whatever you didn't, therefore securing your deposit.

These cards are almost always reported to the 3 credit bureaus, so while it may seem like a lot of work and not as good as a normal credit card, it will help you rebuild your credit or establish it. Everyone has to start somewhere so make sure you take the opportunity to build or re-learn good spending habits.

Here is some food for thought when it comes to dealing with Secured Credit Cards. Interest may be paid on your deposits, up to 4.5%. Everyone loves free money. One downfall is that some issuers will not consider applicants who have filed bankruptcy in the past. You may be denied this credit card if there have been any late payments on your credit reports in the last six months, so develop those good habits to avoid this. Any Secured card with a Visa or MasterCard emblem is accepted just like local merchant cards, so that's a plus. Some of the issuers offer double the amount of deposit as your credit limit, so you might end up with a decent line of credit. Be aware that some issuers charge a fee to increase your line of credit, so be sure to find that out before you request an increase.

And finally, your credit limit may be increased without further security deposits if you have demonstrated the ability to handle your line of credit. So you really do want to develop those good spending and paying habits. Don't miss a payment and don't spend more than you can afford to pay off. Those two simple tips will help you stay out of a world of trouble. Besides, waiting an extra couple weeks to buy that special item not only increases your desire for the product, you may just find it on sale.