New FICO Score May Allow Millions to Gain Access to Credit

April 1, 2015 â€“ Fair ISAAC â€“ the company that issues FICO credit scores â€“ is getting ready to launch an alternative credit scoring model for consumers who donâ€™t currently have access to credit. The Wall Street Journal is reporting that the new scoring model could affect up to 53 million consumers.

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The new score â€“ which has not yet been named by the company â€“ will be based on things like utility, telecommunications and cable TV billing. It will also take into account the number of times that individual consumers move. According to the article, the more often that consumers change their residential address, the less stable they are.

Fair ISAAC has been working with a number of banks to issue credit cards using the new scoring model on a trial basis. The company is now getting ready to launch the new scores nationwide. But the new model raises a number of questions which have not been addressed by the company yet.

For instance, how with the new scores impact consumers that already have an existing FICO score? Will lenders begin looking at both regular FICO scores which are based on credit reports from Experian, Equifax and TransUnion and the new scoring model? And if they do, how will that impact interest rates and the way that lenders judge your credit worthiness?

There had been some talk that the alternative credit score would also include rent payments but that is apparently not the case yet.

Under the Fair Credit Reporting Act, consumers have a right to review all information associated with their credit profile and make corrections if errors are present. That will presumably be the case with the new score but as of yet, Fair ISAAC has not announced any procedures to allow this type of review.
byJim Malmberg
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