How Do Late Payments Affect Your Credit History or Score?

Making payments on time is the easiest way to keep your credit score healthy or improve it if it's not as high as you'd like. But what happens if you make late payments?

Your credit score is constantly changing as the information in your traditional credit report accumulates. If you are more than 30 days past due in paying a creditor, it can and mostly likely will report your delinquency to the credit reporting bureaus that tabulate your traditional FICO credit score. Payment history makes up approximately 35 percent of your traditional credit score, so late payments significantly affect your score as well as your ability to get new credit in the future.

One thing you might not know is that all late payments are not equal. Thirty- to 60-day late payments affect your credit score more dramatically in the months in which they occur, but they affect your credit score less as time passes. Ninety-day late payments are more harmful to your credit score—especially when you've had one within the past 24 months. Missing one monthly payment for one or two months isn't as bad for your credit score as missing several payments in the same month. And missing one quarterly payment is worse—it can be as bad as a charge-off or a collection.

Late payments affect your eCredable AMP Credit Report™ a little differently.

When a lender views a credit file, it is generally looking for a pattern of payment behavior that establishes the creditworthiness of an individual. When considering the alternative credit history being "volunteered" by an individual, a lender wants to know that it is being provided enough of the individual's payment history to make an informed decision. If you pay rent on time but choose not to register your utilities because of an occasional late payment, the lender may wonder why your AMP Credit Report™ and AMP Credit Rating™ do not include your utilities.

A lender may not necessarily expect everyone to be "perfect." Some lenders may prefer to see all the bill payment history you have, rather than to try to make a lending decision knowing that you are presenting only certain "select" accounts and not all the bill payments you make.

Yes, a late payment will have a negative impact on your rating. How much it is affected is dependent on how recently the late payment occurred and how late the payment was (30, 60, 90 days). It will be up to the creditor to determine the level of risk the late payment(s) present under its lending guidelines.

If you have established a poor payment record with your bill payment accounts, now is the time to begin establishing a good track record of paying your bills on time. eCredable can help guide you toward a stronger financial position so that in time; you can show anyone checking your credit that you take your financial obligations seriously and can be a good credit risk. The eCredable AMP Credit Rating Simulator™ is a great tool to measure how you are performing and to track your progress from a C, D or F rating to a B and on to an A. See the eCredable FAQ'sfor more information on the AMP Credit Rating Simulator™.