

Ways to Improve your Credit Score

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In brief

You can improve your credit score by regularly checking your credit report for errors, paying all bills on time, and tackling both large and small outstanding balances.

Your financial status is a puzzle, and just like any other normal puzzle, each right piece brought together makes the perfect picture; similarly, your credit score is a very big piece of this puzzle.

If this piece goes wrong, you can face many problems in many aspects, one of which is getting loans.

We are almost halfway down with this year, and there might be many people who would be wondering why their loan got rejected or why they are facing so many hurdles in getting the loan?

If you are facing this problem then a reason might be your low credit score. And if you want to make it better then, my friend, you are on the right page.

Improve your Credit Score

Here are 8 ways that would surely help you to improve your credit score in 2018.

1. Know your credit report

Most of us are too lazy or unaware that they should keep a regular check on their credit report.

Credit report is used not just for the loan approvals but for credit card approvals as well.

Those who are repaying a loan or making other payments to their bank should always have been in touch with their credit score.

For those who don't know, getting your credit report is easier than you imagine, and it can be checked even on your mobile on the go.

At regular intervals, keep asking for your report from the credit reporting agencies. It is free and a quick process.

2. Make some markings

Making a mark or leaving some remarks after thoroughly studying your report will always be helpful. Point out the errors and mistakes (obviously, if any) and see what has made your score dip in the report.

Sometimes your bank may have some wrong information or outdated information which has tampered with your creditability.

So if you are in regular touch with all your reports, you might be able to pick up the problems and work in the right direction to make things right and increase your credit score.

3. Be patient

Patience is the solution to many problems. However, every time you get impatient, you might do wrong to yourself than good.

If your credit report is seriously dipping, then don't just start stressing yourself up. Instead, relax and start making things right. It takes time to get your reputation back, but it will be better.

Who knows, this might kick-start a new side of yours like you would start making a budget for each month and start using your money judiciously.

You would then be able to get back your financial reputation back. Moreover, your report does not speak everything about you. Everybody has their ups and downs. Just walk this phase thinking that it is your down and you have improved the condition. Therefore, it might be possible that all you need would be a disciplined you for improving your score.

4. Fix your late payment

See, there are fair chances that your payments and dues must be delayed from your side. Each delayed payment will stain your score deeper and darker, so always avoid repaying your loan late. Moreover, if you think that closing an account will be the solution, I must tell you this will negatively affect your score.

The only right thing that you can do is check all the bills of your credit cards and remind yourself of the dates when their EMI's are deducted from your account. Start keeping track of them and keep managing your cards and liabilities payments. Do check all your deadlines and then set your schedule.

Doing something on assumptions would again wrongly affect your score.

5. Pay big first

It is always obvious a big chunk is always better than small portions. So, when you rack up debt during your shopping and festive seasons, paying a larger amount later is the best way to boost your credit score.

When you repay the balance in the credit card dips, your credit score will automatically swell up.

6. Work the small balances

See, I might have directed you first to pay off your outstanding balance, but if there are too many small portions scattered in different areas, then all together, they will be a big chunk, so don't neglect even your small balances.

If you are not able to pay off a large amount, eliminate your small debts. This will show your wit and heal the tampered credit score.

So, you might have a solution to your problem. If you can pay off all your small bills, then do it first, don't wait for the big one to be paid first.

7. A personal loan can be beneficial

Here, this might help you if none of those mentioned above solutions could. It would not be a bad option to take a personal loan to pay off your existing debts.

What Say? One way to boost your credit score when you cannot pay your bills is to take a personal loan against yourself.

With this, you could pay your debts, and on the other hand, your credit score will also increase a lot. A personal loan will hit you financially, true! But when it comes to your scores, it will not hamper them.

A personal loan is known as an installment loan, and it is not considered while calculating the credit utilization ratio. Is this of some help? Yeah, it will be.

8. Taxes should be off your report

When you fail to pay your taxes in some banks, the federal government will file a lien against your name. This is more of a tax lien which will hamper your credit score.

These tax liens are no easy-going stains. They hit you hard and last long. So, a wiser person would not let that happen to him in the first place and even if that happened. He would pay off the lien in the first place. So, I think these 8 solutions would surely help you out in some of the other ways.

References

1. bankbazaar.com - credit-score.html - <https://www.bankbazaar.com/credit-score.html>