

# let's talk **credit.** from real credit experts.

If you're shopping for your next vehicle and considering financing, you may apply for credit more than once before finding the deal that works for you. In the spirit of doing it right, we're sharing some key insights provided by the credit experts below that help outline any impact multiple credit inquiries may have on your credit scores.

## **equifax**

### **'Soft' vs. 'Hard' Credit Inquiries**

'SOFT' inquiries, which can happen when you check your own credit or when a promotional credit card offer is generated, do not impact your credit score.

When a lender or company requests to review your credit report as part of the loan application process, that request is recorded on your credit report as a '**HARD**' inquiry, and it usually will have some impact on your credit score.

### **Exceptions To The Impact On Your Credit Score**

All new auto or mortgage loan inquiries will show on your credit report; however, if you're shopping for a new auto loan, multiple inquiries are generally counted as one inquiry for a given period of time. This period of time may vary, depending on the credit scoring model used, but it's typically from 14-45 days. This allows you to check different lenders to find the best loan terms that work for you. This exception generally does not apply to other types of loans, such as credit cards. All inquiries for those types of loan will likely affect your credit score.

**Source:** <https://www.equifax.com/personal/education/credit/report/understanding-hard-inquiries-on-your-credit-report/>

## **experian**

### **Q. Why are there several inquiries on a consumer's credit report after a day of car shopping? Is it right for all these inquiries to be on their report so long from just one day of shopping for a car?**

A. When shopping for a car, it is common for auto dealers to submit their information to multiple lenders in an effort to find the lowest interest rate and most favorable loan terms. This practice allows the consumer to benefit from lenders competing for their business. The same practice is used for mortgage lending. Each time their credit report is reviewed by a different lender, an inquiry will appear showing who accessed the report and for what purpose. Experian lists each inquiry that is made into a consumer's file for two years, so that they have a complete record of who has reviewed their credit history.

Lenders know that multiple applications for a car loan within a short period of time indicate a consumer is shopping for the best terms, not buying multiple cars. Therefore, as long as the inquiries were all made within a certain period of time, usually 14 days but sometimes longer, they are **COUNTED AS JUST ONE INQUIRY** when calculating their score.

**Source:** <https://www.experian.com/blogs/ask-experian/multiple-inquiries-when-shopping-for-an-car-loan/>

## **fico - fair isaac corporation**

### **How Credit Inquiries Affect Credit Score**

The impact from applying for credit will vary from person to person based on their unique credit histories. In general, credit inquiries have a **SMALL IMPACT** on one's FICO® Scores. Things like how timely you pay your bills and your overall debt have a much larger impact on your scores.

### **Q. Will my FICO® Scores drop if I apply for new credit?**

A. If your [FICO Scores] change, they probably won't drop much. If you apply for several credit cards within a short period of time, multiple inquiries will appear on your report. Looking for new credit can equate with higher risk, but most credit scores are not affected by multiple inquiries from auto, mortgage or student loan lenders within a short period of time. Typically, these are **TREATED AS A SINGLE INQUIRY** and will have **LITTLE IMPACT ON YOUR CREDIT SCORES**.

**Source:** <https://www.myfico.com/credit-education/credit-reports/credit-checks-and-inquiries>

