

How Inquiries Affect A Credit Score

Inquiries do factor into overall credit scores, but a **small** portion of a bigger picture – and it's often smaller than many people realize. The score is based on calculations of your overall credit history. It takes into account the amount of money you owe, your payment history, how long you've been using credit, the types of credit you use and recent credit activity. Inquiries fall into this last part.

What is an inquiry?

An inquiry occurs when someone reviews your credit profile. Inquiries fall into two categories – hard and soft.

- **Hard inquiries** occur when you authorize someone else, such as a potential lender, to review your profile. Potential creditors do this to weigh the risk of extending you credit or **renting you an apartment**. Hard inquiries remain on your credit report for approximately two years, but only impact your score for 12 months.
- **Soft inquiries** occur when someone checks your credit for reasons other than you proactively applying for a loan or submitting a rental application, like when you check your own credit or an existing creditor is checking your file to consider whether to decrease or increase your limit on your account with them.

So when might inquiries affect your credit?

Inquiries impact individuals differently based on their credit standing. Those with only a few credit accounts or a short credit history are impacted more by inquiries than those with a stronger credit history. After a year, an inquiry of any type shouldn't count toward your score.

Inquiries do **NOT** play a major role when it comes to your credit scores. If you experience a dip because of inquiries, it usually won't be much.

