

Step-by-Step Action Plan Guide

Your complete guide to disputing credit report errors,
exercising your federal rights, and taking control of your credit.

This guide is for educational purposes only. It does not constitute legal advice. Consult a licensed attorney for advice specific to your situation.

Table of Contents

1. Before You Start: What You Need
2. Understanding Your Credit Report
3. Your Federal Rights Under the FCRA
4. The 4-Round Dispute System
5. Round 1: Initial Disputes
6. Round 2: Method of Verification Demands
7. Round 3: Direct Furnisher Disputes
8. Round 4: Escalation & Legal Pressure
9. Working With Debt Collectors
10. Negotiation Strategies
11. After the Disputes: Building Credit
12. Common Mistakes to Avoid
13. Quick Reference: Template Index

1. Before You Start: What You Need

Before sending any dispute letters, gather these items. Having everything ready will make the process faster and more effective.

- **Your credit reports from all 3 bureaus** — Pull free reports at AnnualCreditReport.com. You need all three because each bureau may have different information.
- **Government-issued photo ID** — Driver's license or passport. You'll include copies with every dispute.
- **Proof of current address** — Recent utility bill, bank statement, or lease agreement.
- **A notebook or spreadsheet for tracking** — Use the Dispute Tracking Spreadsheet included in this kit.
- **Certified mail envelopes and return receipts** — Available at any post office. Cost: about \$4 per letter. This is non-negotiable — certified mail creates legal proof of delivery.
- **A printer** — For printing letters and making copies of documents. Never send originals.
- **A dedicated folder** — Physical or digital. You'll accumulate documents quickly.

Time commitment: Expect to spend 2-3 hours on your initial review and Round 1 disputes. After that, each round takes about 30-60 minutes plus waiting time for responses.

2. Understanding Your Credit Report

Your credit report has four main sections. Understanding each one helps you identify what to dispute and why.

Personal Information

Name, addresses, Social Security Number, date of birth, employer history. Errors here can indicate a mixed file (another person's data merged with yours). If you see an address you've never lived at, or a name variation that isn't yours, dispute it immediately — it may be connected to someone else's accounts.

Account History (Trade Lines)

Every credit account you've had: credit cards, loans, mortgages, etc. Each entry shows the creditor, account number, balance, credit limit, payment history, and status. This is where most disputes focus — wrong balances, incorrect late payments, accounts that aren't yours, and wrong account statuses.

Public Records

Bankruptcies are the main public record still reported. Tax liens and judgments were removed from credit reports in 2018 under the National Consumer Assistance Plan. If you still see tax liens or judgments on your report, dispute them.

Inquiries

Hard inquiries (you applied for credit) stay for 2 years. Soft inquiries (background checks, pre-approvals, your own checks) don't affect your score. If you see hard inquiries you didn't authorize, dispute them — unauthorized inquiries violate the FCRA.

3. Your Federal Rights Under the FCRA

The Fair Credit Reporting Act (FCRA) is the federal law that governs credit reporting. These are the specific rights that make your dispute letters effective:

Right	Section	What It Means
Dispute inaccurate information	Section 611(a)	Bureaus MUST investigate your dispute within 30 days.
Method of verification	Section 611(a)(6)(B)(iii)	After investigation, bureaus must tell you HOW they verified the information.
Accurate reporting only	Section 623(a)(1)	Creditors/collectors must not report information they know is inaccurate.
Direct dispute with furnisher	Section 623(a)(8)	You can dispute directly with the creditor or collector — not just the bureau.
7-year reporting limit	Section 605	Most negative items must be removed after 7 years from date of first delinquency.
Identity theft protections	Section 605B	Bureaus must block fraudulent information within 4 business days.
Free annual report	Section 612	One free report per bureau per year.
Sue for violations	Sections 616-617	\$100-\$1,000 statutory damages per willful violation + actual damages + attorney's fees.

4. The 4-Round Dispute System

The DisputeKit system is built around four escalating rounds. Each round increases pressure on the bureau and furnisher. Most items are resolved by Round 2 or 3. Round 4 involves regulatory complaints and legal pressure.

Round	Target	Purpose	Timeline
Round 1	Credit Bureau(s)	Initial dispute — challenge accuracy of reported info	30 days for bureau response
Round 2	Credit Bureau(s)	Method of verification demand — challenge HOW they investigated	15 days for bureau response
Round 3	Creditor / Collector (Furnisher)	Direct dispute under Section 623 — bypass bureau entirely	30 days for furnisher response
Round 4	CFPB / AG / Court	Regulatory complaints and pre-litigation demands	15 days + CFPB 15-day response

Important: Do not skip rounds. Each round builds on the previous one and creates a documented trail of your efforts. This documentation becomes your strongest asset if you need to escalate to regulatory complaints or legal action.

5. Round 1: Initial Disputes

Step 1: Review your reports carefully. Go through each report line by line. Mark every item that looks wrong — wrong balance, wrong dates, accounts you don't recognize, wrong status.

Step 2: Use the Decision Flowchart to identify which template matches each error type.

Step 3: Fill in the template. Replace every bracketed field with your information. Be specific about what is wrong and what the correct information should be.

Step 4: Include copies of your ID and proof of address. Never send originals.

Step 5: Send via certified mail with return receipt requested. Keep the tracking number.

Step 6: Log the dispute in your Tracking Spreadsheet. Record the date sent, tracking number, bureau, and items disputed.

Step 7: Wait 30 days. The bureau is required to investigate and respond within 30 days (35 days if you send additional information during the investigation).

Tips for Round 1:

- Dispute by mail, not online. Online disputes limit your evidence and legal options.
- Dispute no more than 5 items per letter per bureau. More triggers 'frivolous' flags.
- Use a different, specific dispute reason for each item. Avoid generic language.
- If the same item appears on multiple bureaus, send separate letters to each.

6. Round 2: Method of Verification Demands

If the bureau responds that the item was 'verified,' your next move is to demand how they verified it. Under FCRA Section 611(a)(6)(B)(iii), the bureau must provide a description of the procedure used, including the name and contact information of the entity that confirmed the information.

Why this works: Most bureaus use an automated system called e-OSCAR to 'verify' disputes. They send a brief code to the furnisher, who checks a box confirming the data. This is not a reasonable investigation. When you demand the method of verification, you're forcing the bureau to explain an often-inadequate process.

Templates to use: 03, 85, 86 (depending on account type)

If the bureau fails to provide a meaningful method of verification, or if their response reveals that no genuine investigation was conducted, this becomes the foundation for your CFPB complaint and potential legal action.

7. Round 3: Direct Furnisher Disputes

If Rounds 1 and 2 haven't resolved the issue, go directly to the source — the creditor or collector that is furnishing the inaccurate information.

Under FCRA Section 623(a)(8), you have the right to dispute directly with any furnisher. They must investigate within 30 days and notify you of the results. This is independent of the bureau's investigation — and creates a separate violation if they fail to comply.

Templates to use: 21 (initial), A05 (advanced/escalation), 71-73 (specific creditor issues)

8. Round 4: Escalation & Legal Pressure

If three rounds of disputes haven't resolved the issue, it's time to escalate to regulatory complaints and legal pressure. This is where most stubborn items finally get resolved.

Step 1: CFPB Complaint

File at consumerfinance.gov/complaint. The CFPB forwards your complaint to the company, which must respond within 15 days. CFPB complaints have a high resolution rate because companies know the CFPB tracks response quality. Use Template 49, 50, 51, or A14.

Step 2: State Attorney General Complaint

Many state AGs have consumer protection divisions that handle credit reporting complaints. This adds a second regulatory pressure point. Use Template 52.

Step 3: Pre-Litigation Demand

A formal letter stating your intent to pursue legal action if the inaccuracy is not corrected within 15 days. This often triggers immediate resolution because defending an FCRA lawsuit costs the company far more than correcting the error. Use Templates 54, 55, 56, A01, or A02.

Step 4: Legal Action

If all else fails, you can file in small claims court or consult an FCRA attorney. Many FCRA attorneys work on contingency — no upfront cost to you. FCRA lawsuits can recover \$100-\$1,000 per violation in statutory damages, plus actual damages and attorney's fees. See Guide A04.

9. Working With Debt Collectors

Rule #1: Never acknowledge a debt verbally or in writing before validating it.

When a debt collector contacts you, you have 30 days from their first written notice to send a validation request (Template 27). During this period, they must cease all collection activity until they provide verification.

Your rights under the FDCPA:

- Collectors cannot call before 8am or after 9pm.
- Collectors cannot contact you at work if told not to.
- Collectors cannot use threats, harassment, or abusive language.
- Collectors cannot discuss your debt with third parties (except your attorney or spouse).
- Collectors must validate the debt if you request it in writing.
- Collectors must stop calling if you send a cease and desist letter.
- Each violation of these rules can result in \$1,000 in statutory damages.

10. Negotiation Strategies

If you owe a legitimate debt and want to resolve it, negotiate from a position of strength:

- **Always validate before negotiating.** Know exactly what you owe and to whom.
- **Negotiate pay-for-delete first.** Offer to pay 40-70% of the balance in exchange for complete deletion from credit reports.
- **Get every agreement in writing before paying.** Verbal promises are worthless.
- **Never give bank account or card info to collectors over the phone.** Pay by cashier's check or money order.
- **Best times to negotiate:** End of month, end of quarter, December (quota pressure).
- **If they won't delete, negotiate the reported status.** 'Paid in full' looks better than 'Settled for less.'

11. After the Disputes: Building Credit

Once you've cleaned up errors on your report, the next step is building positive credit history. The fastest path to a strong score:

Month 1: Get a secured credit card. Deposit \$200-\$500. Make one small purchase per month. Pay the full balance every month.

Month 2: Consider a credit-builder loan from your bank or credit union (\$25-\$50/month).

Month 3: Ask a family member to add you as an authorized user on their oldest, cleanest card.

Months 4-6: Keep utilization under 10%. Never miss a payment. Request a credit limit increase.

Months 6-12: Apply for one unsecured card. Keep building positive history. Monitor reports quarterly.

12. Common Mistakes to Avoid

- **Disputing online instead of by mail.** Online disputes limit your ability to include evidence and may waive certain rights.
- **Using generic dispute reasons.** 'This is not mine' for every item triggers the frivolous flag. Be specific about each error.
- **Disputing too many items at once.** More than 5-6 items per bureau per round looks like a form-letter campaign.
- **Paying a debt before validating it.** Payment can restart the statute of limitations and acknowledges the debt.
- **Paying a collector without a written agreement.** Verbal promises are unenforceable.
- **Closing old credit cards.** Length of credit history is 15% of your score. Keep old accounts open.
- **Applying for multiple credit cards at once.** Each hard inquiry lowers your score temporarily.
- **Giving up after one dispute.** The system is designed to take multiple rounds. Persistence wins.
- **Not documenting everything.** Your paper trail is your power. Log every call, save every letter.
- **Ignoring the 30-day validation window.** With debt collectors, you must send the validation request within 30 days or lose certain protections.

13. Quick Reference: Complete Template Index

#	Template Name	Category
01	Round 1 General Dispute Letter	Bureau
02	Section 609 Disclosure Request	Bureau
03	Section 611 Method of Verification Demand	Bureau
04-05	Late Payment Dispute (Round 1 & 2)	Bureau
06	Collection Account Dispute	Bureau
07	Charge-Off Dispute	Bureau
08	Inquiry Removal Demand	Bureau
09-18	Identity Theft & Fraud Templates	Bureau
19	Metro 2 Compliance Dispute	Bureau
20	Round 3 Re-Investigation Demand	Bureau
21-26	Creditor Dispute Letters	Creditor
27-33	Debt Collector Letters	Collector
34-48	Specialized Situation Letters	Specialized
49-58	Escalation Templates (CFPB, AG, etc.)	Advanced*
59-70	Additional Bureau Disputes	Bureau
71-73	Additional Creditor Letters	Creditor
74-76	Additional Collector Letters	Collector
77-84	Additional Specialized Letters	Specialized
85-100	More Bureau & Specialized Disputes	Bureau/Spec.
A01-A21	Advanced Strategies Pack (Order Bump)	Advanced*

** Templates marked 'Advanced' are included in the Advanced Dispute Strategies Pack.*

Your credit report is one of the most important financial documents in your life. Errors on it cost you real money — in higher interest rates, denied applications, and lost opportunities. You now have the tools to fix those errors. Use them.

Structured. Documented. Resolved.