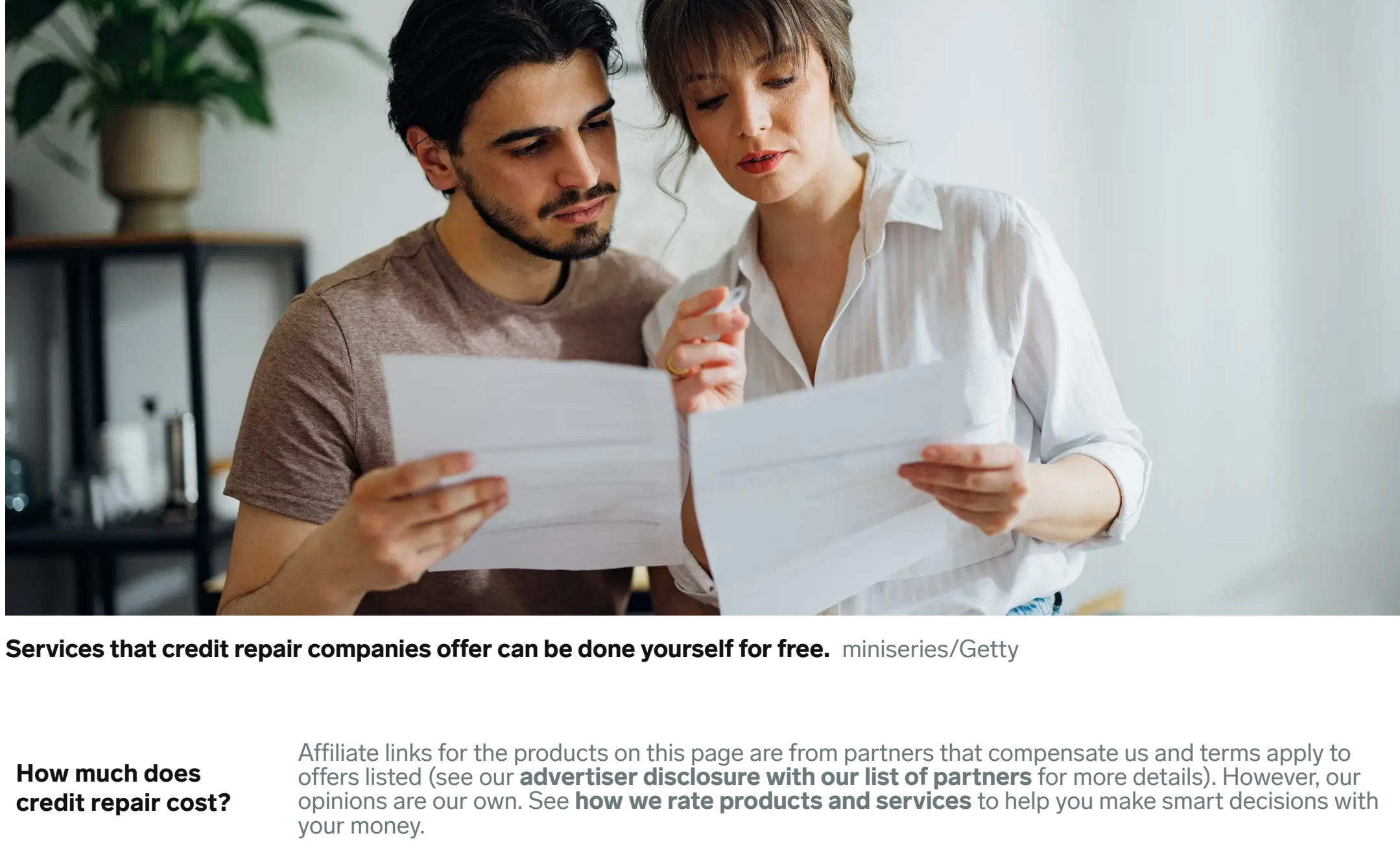


PERSONAL FINANCE > CREDIT SCORE

How much does credit repair cost?

Written by [Jamie Davis Smith](#); edited by [Paul Kim](#) Jul 19, 2024, 3:05 PM CDT

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Services that credit repair companies offer can be done yourself for free. [miniseries/Getty](#)

How much does credit repair cost?

When can a credit repair company charge you?

How long does credit repair take?

How to choose a credit repair company

Frequently asked questions

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- Credit repair companies can cost between \$15 to \$150 monthly in addition to a setup fee.
- Credit repair companies cannot charge for services before they have been completed.
- Steer clear of a credit repair company that doesn't offer refunds.

Credit repair is the process of **improving your credit score** by identifying and rectifying errors, negotiating with creditors, and building a more favorable credit history. "Think of it like housekeeping but for your financial history," says Mark Stewart, Certified Public Accountant for [Step By Step Business](#). "You're getting rid of the cobwebs and making the place shine."

While you can repair your credit on your own, many people find the process of repairing credit overwhelming and want to enlist help from a [credit repair](#) company. Understanding how the process works can help you get the most bang for your buck.

How much does credit repair cost?

The cost to repair credit varies widely, ranging from no-cost DIY options to services that can charge hundreds of dollars. While each situation is unique, usually "consumers don't need to pay a credit repair company hundreds of dollars to repair their credit," says Erik Beguin, Founder and CEO of [Austin Capital Bank](#).

There are three main ways credit repair companies approach repairing credit and charges vary for each.

Most credit repair companies charge a flat fee per month. Stewart explains that "the price range of credit repair falls between \$15.00 and \$150.00 per month." This charging method usually also comes with an initial, nonrefundable setup fee, also known as a first-work fee, which can often eclipse the cost of the monthly fee. The monthly fees for services included in our guide on [best credit repair companies](#) range from \$24.99 to \$99 monthly while setup fees range from \$119 to \$299.

Under this model, credit repair companies will continue to charge monthly as long as services are ongoing, says Stewart. "Usually, the more you pay per month, the more the credit repair agency will tackle simultaneously," says Joe Camberato, CEO of [NationalBusinessCapital.com](#). So if you want a credit repair agency to dispute five or six items on your [credit report](#) in a month, you'll have to pay more than if you just wanted one or two items disputed.

Less commonly, credit repair companies charge for each challenge to your credit report. This is called performance-based billing. According to Stewart, credit repair companies typically charge between \$25 and \$100 for each challenge. Consumers pay whether or not the challenge is successful. While a performance-based model may seem attractive if you only have one or two items to correct, these charges can still add up quickly. "There are three credit bureaus, and if a negative item shows up on all of them, you might end up paying for its removal three times," Camberato explains.

Finally, some credit repair companies offer a service called a credit sweep. Beguin explains that "a credit sweep is an attempt to remove all negative accounts from your credit report, thereby 'sweeping' your credit report clean." As appealing as this may sound, Stewart cautions that credit sweeps are illegal and "can attract criminal charges, civil penalties, lawsuits, and restitution."

Because of this risk involved, credit sweeps are expensive. Consumers can expect to pay between 0.10%-1.00% of the swept funds in fees, Stewart explains. However, Beguin advises against attempting a credit sweep at any price. Many credit repair companies that offer this illegal service attempt to sweep credit reports "by falsely reporting that you are the victim of **identity theft**" and claiming "that the accounts on your credit report are not yours." Beguin emphasizes "this is a crime," and could lead to more immediate problems than a [low credit score](#).

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When can a credit repair company charge you?

When a credit repair company can charge you hinges on whether or not they engage in telemarketing. Under no circumstances can a credit repair company charge upfront for services, although Camberato says that some credit repair agencies collect a setup fee to cover administrative expenses.

Under the Credit Repair Organizations Act, credit repair companies that don't engage in telemarketing cannot charge their clients until after services have been rendered. Stewart explains that this law was put into effect "to protect people who are desperately looking to change their credit situation from scams."

However, this doesn't mean that credit repair agencies need to produce results to charge for their services. Even if the credit repair company is not successful in having negative information removed from a credit report, they can still charge for their services. For example, a credit repair company can charge a client for writing a letter to a credit bureau on their behalf, even if the letter doesn't get any results.

If a credit repair company engages in telemarketing, different rules apply. Under the Telemarketing Sales Rule, credit repair companies that engage in telemarketing cannot charge consumers until six months after the company achieves the results it promised. That means if a credit repair company successfully removes an incorrect report of a late payment on a credit report in January, they cannot require payment until the following June. If the credit repair company [fails to achieve the promised results](#), they cannot charge at all.

How long does credit repair take?

Addressing simple issues such as fixing a clear error on a credit report usually takes a few months, according to Stewart. He explains that most people who use credit repair services don't have complex cases and that "four months is the average length of time most people pay for." However, Stewart notes that "some issues, such as a mix of errors and late payments, take about six to 12 months to resolve, while significant debt and a history of financial issues take over a year to resolve," he says.

Although this may seem like a long time, Camberato explains that "credit repair is a process involving a series of letters sent to address each negative item on your report. These exchanges can take up to 30 days each, so things don't move at lightning speed."

How to choose a credit repair company

While you don't need to hire a credit repair company to [fix your credit](#) for you, it's important to know how to choose correctly if you decide against a DIY approach.

While we've already advised against using a company that performs a credit sweep, you should also think twice before you choose a credit repair company that makes you pay for disputes a la carte, especially one that doesn't offer a refund regardless of the outcome.

You'll also want to steer clear of any credit repair companies that have gotten into legal trouble for violating any of the laws we've mentioned. For example, the parent company behind credit repair companies [Lexington Law](#) and [CreditRepair.com](#), two of the largest credit repair brands in the country, has declared bankruptcy after the CFPB sued them for violating the Telemarketing Sales Rule.

Credit repair cost frequently asked questions

Is it worth paying for credit repair?

Can credit repair companies remove any negative marks?

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