

# Credit Checks: What are credit inquiries and how do they affect your FICO® Score?

When you apply for credit, you authorize those lenders to ask or "inquire" for a copy of your credit report from a [credit bureau](#). When you later check your credit report, you may notice that their credit inquiries are listed. The only inquiries that count toward your FICO Scores are the ones that result from your applications for new credit.

It's important to know that there are 2 types of credit inquiries. **Soft inquiries such as viewing your own credit report will not affect your FICO Score.** Hard inquiries such as actively applying for a new credit card or mortgage will affect your score. Read below to see how much hard inquiries can affect your FICO Score.

## **More examples of hard inquiries:**

- You go car shopping and apply for financing at the car dealership, and they pull a credit report on you.
- You get a preapproved credit card offer in the mail and respond to the offer.
- You contact your credit card company and request a credit line increase. The company pulls a fresh credit report on you to help determine if they will grant the line increase.

## **More examples of soft inquiries:**

- Your bank gets an updated FICO Score on all its customers to check the credit quality of its customer base.
- You got a new job, and your employer pulled your credit report as part of its new employee screening process.

## Do credit inquiries affect my FICO Score?

FICO's research shows that opening several credit accounts in a short period of time represents greater credit risk. When the information on your credit report indicates that you have been applying for multiple new credit lines in a short period of time (as opposed to rate shopping for a single loan, which is handled differently as discussed below), your FICO Scores can be lower as a result. **Although FICO Scores only consider inquiries from the last 12 months, inquiries remain on your credit report for two years.**

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.

## How much will credit inquiries affect my 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 your FICO Scores. For most people, one additional credit inquiry will take less than five points off their FICO Scores.

For perspective, the full range for FICO Scores is 300-850. Inquiries can have a greater impact if you have few accounts or a short credit history. Large numbers of inquiries also mean greater risk. Statistically, people with six inquiries or more on their credit reports can be up to eight times more likely to declare bankruptcy than people with no inquiries on their reports. While inquiries often can play a part in assessing risk, they play a minor part and are only [10% of what makes up a FICO Score](#). Much more important factors for your scores are how timely you pay your bills and your overall debt burden as indicated on your credit report.

## What to know about rate shopping

Research has indicated that FICO Scores are more predictive when they treat loans that commonly involve rate-shopping, such as mortgage, auto and

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

student loans, in a different way. For these types of loans, FICO Scores ignore inquiries made in the 30 days prior to scoring. So, if you find a loan within 30 days, the inquiries won't affect your scores while you're rate shopping. In addition, FICO Scores look on your credit report for rate-shopping inquiries older than 30 days. If your FICO Scores find some, your scores will consider inquiries that fall in a typical shopping period as just one inquiry. For FICO Scores calculated from older versions of the scoring formula, this shopping period is any 14-day span. For FICO Scores calculated from the newest versions of the scoring formula, this shopping period is any 45-day span. Each lender chooses which version of the [FICO scoring formula](#) it wants the credit reporting agency to use to calculate your FICO Scores.

## What to remember when you are rate shopping

If you need a loan, do your rate shopping within a focused period such as 30 days. FICO Scores distinguish between a search for a single loan and a search for many new credit lines, in part by the length of time over which the inquiries occur.

When you look for new credit, only apply for and open new credit accounts as needed. And before you apply, it's good practice to review your credit report and FICO Scores to know where you stand. Viewing our own information will not affect your FICO Scores.

As a general rule, it is OK to apply for credit when needed. Be mindful of this information so you can start the credit-seeking process with more confidence.

