

Can you remove a bankruptcy from your credit report?

If bankruptcy isn't complete, you may be able to clear it from your report

By **Jeremy M. Simon**



Dear Credit Score Report,

My husband and I filed for bankruptcy in September 2010 as a strategy to stay in our home and avoid foreclosure. This bought us time to list the home for short sale. The house is now sold. However, what happens with the bankruptcy? We never intended to actually get rid of our debt. We are in a debt reduction program right now with an affordable monthly payment. How will this affect our credit report? Will this affect future employment opportunities as well? My husband is switching careers and is going into law enforcement. I'd appreciate some information. Thank you. -- Christina



Hey Christina,

Although filing for bankruptcy may have helped you stay in your home, the appearance of that bankruptcy on your credit reports could have negative consequences for your ability to borrow -- and land new jobs.

Your bankruptcy filing may have been an effective strategy in the short term, but it could have damaging longer-term consequences. "Bankruptcy is the most negative entry that can appear in a person's [credit report](#)," says Rod Griffin, director of public education for [credit bureau](#) Experian. That's because, depending on the type of bankruptcy, it will appear on your credit reports for up to 10 years. (In other words, since you filed in 2010, the bankruptcy could appear on your credit reports through 2020.) Additionally, [FICO data](#) shows a bankruptcy can lower your [credit score](#) by up to 240 points. If you have no plans to borrow money, that bankruptcy might not be a problem. But if you do want to borrow, the appearance of a bankruptcy on your credit reports may cause lenders to deny your loan applications or charge you higher interest rates.

The more immediate problem could be the impact on your husband's job search. "There are employers, including [armed services](#) and law enforcement, who do check credit. If you have completed a bankruptcy, this may have a negative impact in landing the job," says Andrew Bernstein, a certified personal finance counselor with the nonprofit [Debthelper.com](#) in West Palm Beach, Fla. With your husband seeking a career in law enforcement, he may find that bankruptcy hurts his job prospects.

That's why you need to take action. In your follow-up email to me, you said that although you filed for bankruptcy, you didn't end up completing it. Based on that fact, you may be able to get that bankruptcy's status changed on your credit reports.

Ideally, you'll want that bankruptcy deleted from your credit reports. So find out if the court can vacate your bankruptcy, which would likely remove it from the public record and your credit reports. "To vacate the bankruptcy means that the court essentially treats the bankruptcy as if it were never filed," Experian's Griffin says. If the court vacates the bankruptcy but it still appears on your credit report, Griffin says you should dispute its appearance with the credit bureaus. Personal finance counselor Bernstein, meanwhile, urges you to dispute that bankruptcy with the credit bureaus regardless of its status. "The best thing they can do is dispute," he says.

However, since you chose to file for bankruptcy, it may remain on your credit reports -- even if the court agrees to change the status. "The court could also report the bankruptcy as dismissed or withdrawn," Griffin says. "In those instances, the public record would still appear in the credit report but with a status of 'dismissed' or 'withdrawn,' respectively." He notes that in your case, he believes the "withdrawn" status would be more likely to apply.

If that bankruptcy remains on your credit reports, you can at least offer an explanation to potential lenders. Do so by [adding a 100-word statement](#) to your credit reports. That statement will allow you to explain your situation to anyone who reviews your credit reports. Just don't expect that statement to work miracles. "Adding a 100-word statement would likely be of little help from a credit standpoint," Griffin says. Still, it could help with jobs: A 100-word statement "might be of some benefit with potential employers who review the report," Griffin says. However, just how "much benefit would depend upon the employer."

In the end, since declaring bankruptcy is such an extreme step, it's not something that easily removed from your credit reports.

Credit Score Report



Jeremy M. Simon covers credit scoring and other issues as a staff reporter for [CreditCards.com](#).