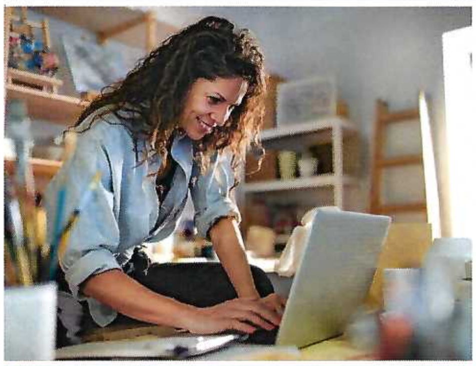
U.S.News & WORLD REPORT

HOW TO GET A FREE BUSINESS CREDIT SCORE

You don't have to pay to see your business credit report.



By: Coryanne Hicks - January 27, 2023

A business credit report and credit score will determine what financing options and rates are available to your business. The cleaner your report and higher your score, the better your choices will be. Having a good business credit score can also help you get better insurance premiums and score contracts.

So understanding what goes into a business credit report and how business credit scores are calculated is essential to growing your business. This article will explain what you need to know about business credit reporting and how you can get a free business credit report online.

What Is a Business Credit Report?

You're likely familiar with personal credit reports, which detail your credit history to help lenders determine if they want to lend you money and at what rates. If you aren't familiar, look into getting free copies of yours.

Business credit reports are similar to personal credit reports, but with a few key differences. "Both types of reports will include payment history and outstanding debt, but business reports will also include company-specifics like revenue, ownership and number of employees," as well as how the business is registered and its industry classification, says Angelo DeCandia, professor of business at Touro University.

Here are some of the items you can expect to find on a business credit report from one of the three main business credit bureaus, Experian, Equifax and Dun & Bradstreet:

- Company information, including name, address, and phone numbers.
- Payment data, including information about balances.
- Public records, including any judgements, liens or history of bankruptcy.
- Risk scores, which may vary by credit reporting company.

"All of this detail helps potential lenders and competitors determine the general nature and health of a business, vital knowledge in a competitive world," DeCandia says. "And unlike personal credit reports, all of this information is generally available to the public."

Anyone can order a business's credit report online, provided they're willing to pay the accompanying fee.

What Is the Purpose of a Business Credit Score?

Business credit scores are a useful tool for lenders, investors and other parties. "Business credit scores are an at-a-glance way of assessing a business's creditworthiness and uncover potential risks for lenders and any other interested parties," says Ryan Cicchelli, founder of Generations Insurance & Financial Services in Cadillac, Michigan. "The ultimate purpose of making this detailed information readily available is to create transparency in business that will help everyone make better informed decisions."

While business credit scores are key factors lenders use to evaluate a business before extending credit, a good credit score and credit report can also be important for business owners looking for new investors. "After all, if your goal is to attract angel investors or seed financing, you definitely want to have as favorable a public profile as possible in order to negotiate the best terms," DeCandia says.

Sole proprietors who have yet to establish an employer identification number or taxpayer identification number should also be aware that their personal credit score can impact financing decisions, says William Haight, financial advisor at Capital Choice Financial Group in Phoenix. Similarly, lenders may request a personal guarantee before offering credit to newer businesses without sufficient credit history, which would require sharing your personal information with the lender.

Business owners should know that if they provide their Social Security number, their personal credit will be reviewed and linked to the loan, Haight says.

How Is a Business Credit Score Calculated?

Like personal credit scores, business credit scores are calculated using statistical models. These models must account for the complexity of a business's credit report.

Unlike personal credit reporting agencies, which have standardized scoring methods, each business credit report agency has its own proprietary scoring parameters, says Cicchelli. "That said, they all still draw from the same basic pool of information to make determinations."

Business credit scores might run from one to 100 or have another range, depending on the provider. "A higher score indicates to lenders how likely the company is to pay its debts in a timely manner and how likely your business is to get approved for financing when it needs it," Haight says.

How to Check Your Business Credit Score

You can check your business credit score directly with the credit reporting agency providing the score, or through a third-party site that aggregates the available information. "However you do it, expect that the exact information may vary depending on who is providing it," DeCandia says.

The cost of viewing a report can also vary by provider and level of access. For example, Experian will provide a single report for $39.95. "More than likely you will want to do follow-ups but that's going to cost a bit more," DeCandia says. To accomplish this, you might end up using Experian's annual subscription plan, which costs $189 per year. If you have more than one business to monitor, that price could rise to nearly $2,000 per year.

Alternatively, there are third-party sites, which may offer lower rate options. But exercise caution here, as there's often a catch involved, especially with sites advertising free information, Cicchelli says. "My general recommendation for newbies is to keep it simple, if possible, and stick with receiving information from the main bureaus."

He points new business owners to Dun & Bradstreet's free CreditSignal package to get started. Other options include Experian and Equifax's credit reports for small businesses.

Can You Check Your Business Credit Score For Free?

You can check your business credit score for free from several providers. In addition to Dun & Bradstreet's CreditSignal, other websites that provide free business credit reports include Creditsafe and Nav.

Some service providers also provide periodic reports, but these may be delayed by a few weeks or months, Haight says.

DeCandia says it's also worth keeping in mind that you often get what you pay for when shopping for free business credit reports.

Free Ways To Check Your Business Credit Score

To help you evaluate your options, here is a comparison of some of the best resources for a free business credit report:

Dun & Bradstreet CreditSignal

CreditSignal lets you view four of your Dun & Bradstreet business credit scores and ratings for free for 14 days. After those 14 days, you'll get alerts about any directional changes to those scores. To continue viewing your actual scores, you can pay for one of the company's credit monitoring or building solutions.

The scores included in CreditSignal are the Paydex score, Delinquency Predictor Score, Financial Stress Score and Supplier Evaluation Risk Rating. To get started, apply for a D-U-N-S number on the company's website.

Creditsafe

You can get a free copy of your Creditsafe business credit report online at Creditsafe.com. The free trial includes your credit score and limits, five years of company financials, and adverse payment and Uniform Commercial Code data. You also have the option to add international credit reports, ledger management and more. There is not a universal free trial length.

Nav

Nav aggregates information from Equifax and Experian and provides business credit score letter grades, which can be hard to interpret, DeCandia says. With the free Business Basic plan, you get cash flow insights and alerts and access to credit and lending specialists.