

Published based on [5 Methods To Establish Good Credit History](#)

5 Methods To Establish Good Credit History

Below-average credit may keep you from getting a house, financing your education and learning, and even from getting a job. That's why it's very important to build good [credit history](#).

Beginning from your very first visa or master card, whatever you do that has to do with credit becomes part of your credit report. To have a good credit ranking, you must use credit responsibly. But what counts as using credit responsibly?

1. Don't charge more than you can afford

When you get into the habit of charging only what you can handle, it lets future financial institutions and debt collectors realise that you happen to be a responsible borrower. You'll find it easier to get a loan and get new credit once you show that you understand how to only borrow what you are able to repay. Aside from that, only charging what you can manage makes it possible to prevent extreme debt.

2. Use only a small amount of the credit you have

Maxing out your credit cards - or even coming close - is one of the worst things you can do when it comes to trying to build up good credit history. Because the chances are that you'll have a hard time paying back a maxed out balance as well as the additional fees that lenders charge. Lenders know from years of experience that people who have high or maxed out credit cards have trouble paying the balances back on time and in full. You should aim to stay below 50% of your credit limit if possible, and staying below 30% is even better.

3. Don't start with multiple credit cards

Many first time credit users make the mistake of collecting many different credit cards within their first few years of using credit. Don't do this. Because naturally the more credit you have, the more you'll end up using. Before you apply for new credit cards, learn how to the one you have first by paying the balance off in full each and every month.

Also, every time that you apply for credit, creditors check your credit report and if you have too many 'credit checks' within a short period of time lender's tend to see you as a high risk user. This is why it's important to stick with just one card for the first few years while you're trying to build up your credit.

4. Pay your balance in full and on time

Assuming that you're only charging what you can afford to pay back, this won't be an issue. And paying off your balance each month shows that you're capable of paying bills, something creditors and lenders want to see. Since a large part of your credit score includes timeliness of your payments, paying your balances on time improves your credit.

5. Be responsible with your credit card balance

Carrying a credit card balance isn't bad as long as you do it the right way. Make more than the minimum payment each month to pay off your balance as quickly as possible. Do your best to avoid making late payments on your credit card and keep your balances reasonable if you can. If you follow these principles, carrying a balance won't hurt your credit.

If you follow the 5 tips above, you'll have no problem [establishing good credit](#) with your lenders and you can almost guarantee that you'll never be turned down for a [credit application](#) because lenders will see you as a responsible credit user.