**How Do Hard and Soft Credit Report Inquiries Affect Credit Scores?**

Recently, more people are interested in applying for new credit than ever before; partly because it is easier today to apply and qualify for credit than it has been in the past.  There’s nothing wrong with applying for new credit, if it assists in establishing a credit record and accomplish financial and life goals, so long as it is done thoughtfully and wisely. Every time a person applies for credit such as a [credit card](https://time.com/nextadvisor/credit-cards/best-credit-cards/), car loan, or [mortgage](https://time.com/nextadvisor/mortgages/rates/), they likely undergo either a “hard” or “soft” credit inquiry to one or more credit bureaus. This inquiry is also known as a credit pull or credit check: the lender requests information about a person’s [credit history](https://time.com/nextadvisor/credit-cards/what-does-a-credit-report-show/) from credit bureaus so that they might better assess an applicant’s credit worthiness and risk level.

Hard credit inquiries have become a necessary part of applying for new credit, however, some credit inquiries are considered “soft” because they have a distinctly different purpose than assessing commercial credit risk. If a person has **too many hard credit inquiries** on their credit report, it **can cause a slight dip in that person’s**[**credit score,**](https://time.com/nextadvisor/credit-cards/good-credit-score/) **while soft credit inquiries should have no effect on credit scoring.** While people should not let the prospect of hard credit pulls stop them from applying for the credit that they need, **being strategic about credit applications can help keep credit scores from taking many dings in points**.

Hard credit inquiries occur when commercial lenders request credit information about prospective customers from one or more of the three main credit reporting agencies: Equifax, Experian, and TransUnion.  You can track these activities; when you review your [credit report](https://time.com/nextadvisor/credit-cards/what-does-a-credit-report-show/)s you will find a section for “Credit Inquiries.” This section will show all credit inquiries that have occurred for you over the past two years; those initiated by you, and any not initiated by you. You can dispute or challenge hard inquiries that are the result of fraud. All other inquiries will stay on the report until they drop off at two years from the initial inquiry. But after the initial slight drop caused by those inquiries, they should have no impact on your credit score.

Usually, if a lender runs a soft credit pull, such as to [**prequalify** someone for a personal loan](https://time.com/nextadvisor/loans/personal-loans/personal-loan-pre-approval/) or a [credit card](https://time.com/nextadvisor/credit-cards/difference-between-pre-approved-pre-qualified-credit-cards/) *before the person actually applies*, a note will state that a “soft credit pull” has occurred or the note “will not affect your credit score” will appear. Check with the lender or institution that you think will ask for a credit pull as to the type of inquiry it will make and see if they might do a soft pull only to see if you qualify. To protect your credit score, track any hard or soft credit inquiries that occur to discern if they have had a significant effect on your score.

Lenders pay attention to numerous **hard credit inquiries** on credit reports. That’s because lenders worry about consumers who appear to be on the path of financially overextending themselves, as they suddenly apply for several new credit cards, credit limit increases, or loans.

**The following examples show occasions for hard credit pulls:**

* Applying for one or more new credit cards or store revolving credit accounts
* Applying for most loans such as auto loans, mortgages, or private student loans
* [Requesting one or more credit limit increase](https://time.com/nextadvisor/credit-cards/how-to-increase-credit-limit/)s on an existing credit card or cards

**The following examples show occasions for soft credit pulls:**

* Requesting a rate quote from a [personal loan lender](https://time.com/nextadvisor/loans/personal-loans/rates/), and the lender specifies that getting a quote requires a soft inquiry that won’t affect your credit score
* Renting a new apartment and/or changing utilities bills into your name
* Applying for entrance to a college or other tuition program, or a private student loan
* Requesting a credit report so that you may [review it](https://time.com/nextadvisor/credit-cards/how-to-check-and-monitor-your-credit/) for accuracy
* Signing up for a credit-monitoring service that checks your credit monthly
* Participating in a financial management or coaching program
* Having your credit reviewed as part of a new employment background check
* Applying for [life insurance](https://time.com/nextadvisor/insurance/life/term-life-insurance/) where your payment rate depends on your credit status

**Before applying for a new line of credit and consenting to a related credit inquiry, consider using the following tips to limit the impact the inquiry will have on your credit score (all point reductions matter if you want to raise your score as rapidly as possible):**

1. **Review your credit report:** Regularly (without stressing about it) review your credit report and make sure any hard credit inquiries listed there are those you initiated. If you spot any hard inquiries you didn’t consent to, or notice any other errors, you can [dispute those items](https://time.com/nextadvisor/credit-cards/finding-and-fixing-errors-on-credit-report/) with the credit reporting agencies. If the inquiries are found to be fraudulent, connected to identity theft, or resulted from a mistake made by the credit bureau, the credit bureaus can remove them from your credit reports (giving your points back). You can [access all three of your credit reports](https://time.com/nextadvisor/credit-cards/how-to-get-your-free-annual-credit-reports/) for free at [AnnualCreditReport.com](https://www.annualcreditreport.com/index.action).
2. **Shop around using prequalification tools:**Lenders that offer prequalification tools give you a convenient way to check your eligibility and possible rates without a hard credit inquiry. This can be a good way to comparison shop without lowering your score.
3. **Lump requests together:** If you are rate-shopping for a mortgage or loan, submit your quote requests close together, timewise. Typically, the common credit scoring model used looks at similar credit inquiries within a certain period and lumps those credit pulls together so that they’re considered a single inquiry – meaning there’s not much of an impact on a related credit score.
4. **Check eligibility criteria before applying for credit:**Many lenders and credit card issuers list their minimum borrower requirements, such as a minimum credit score and income, on their websites. By reviewing that information, you can see if you meet their criteria before filling out a credit application.
5. **Limit new credit requests:** **New credit inquiries**[**affect your credit score**](https://time.com/nextadvisor/credit-cards/how-long-for-credit-score-to-rise/) **somewhat, and recent activity accounts for 10% of your credit score.** Don’t submit applications unless you really have a need for the credit, and never apply for credit you don’t need just to see if you can qualify to obtain it.

**Bottom line:**  although hard credit pulls can negatively affect your credit score, only a few pulls keep the impact relatively small, and your credit score can recover quickly (within a few months). You can find the above information and more at: [What’s The Difference Between A Hard And Soft Credit Check? – Forbes Advisor](https://www.forbes.com/advisor/credit-score/soft-credit-check-vs-hard-credit-check/)