

How Debt Consolidation Helped Me Raise My Credit Score by More Than 100 Points

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For most of my adult life, I took pride in maintaining excellent credit. I understood early on that good credit wasn't just about numbers—it was about creating opportunities. One of my biggest goals was to become a homeowner, and I knew a strong credit score would help me get there.

At 32 years old, I achieved that goal and purchased my first home.

At the time, my finances were in great shape. I had no credit card debt, a manageable car payment, and only the usual household expenses to worry about. I felt financially secure and confident about my future.

Then life changed.

After relocating for work and selling my home, I slowly stopped paying as much attention to my credit as I once had. What started as occasional credit card use gradually turned into something much larger. Before I realized it, I had accumulated nearly \$30,000 in credit card debt across four credit cards.

The impact was immediate and frustrating.

My credit score, which had once been well into the 800s, dropped into the low 600s. Every month felt like a battle. Despite making payments, the balances barely seemed to move because so much of my money was going toward interest. I felt overwhelmed, discouraged, and unsure of my next step.

I knew something had to change.

That's when I began researching debt consolidation. To be honest, I was skeptical. I worried that taking out another loan would hurt my credit score even more. Like many people, I assumed adding a new loan would only make my situation worse.

Fortunately, I was wrong.

After carefully weighing my options, I decided to move forward with a debt consolidation loan through LendingClub. The loan paid off my existing credit card balances, replacing multiple high-interest debts with one manageable monthly payment.

The results surprised me.

Within just one month, my credit score increased from the low 600s to the low 700s—a gain of more than 100 points.

Not only did my score improve dramatically, but my monthly payments became more manageable as well. With lower interest rates, more of my payment began going toward reducing the actual debt instead of simply covering finance charges.

Perhaps most importantly, I finally had a clear path forward.

Instead of potentially spending decades making minimum payments on credit cards, I now had a structured repayment plan designed to eliminate my debt in approximately five years.

Looking back, debt consolidation was one of the best financial decisions I have ever made. It helped me regain control of my finances, improve my credit score, and create a realistic plan to become debt-free.

How Debt Consolidation Can Help Your Credit

Lower Credit Utilization

Credit utilization—the percentage of available revolving credit you are currently using—is one of the most important factors affecting your credit score. When high balances are moved from multiple credit cards to a consolidation loan, your revolving credit utilization can drop significantly, often leading to an increase in your credit score.

Improve Payment History

Payment history accounts for the largest portion of your credit score. Managing several credit card payments each month increases the risk of missed or late payments. Consolidating debt into one fixed monthly payment can make it easier to stay organized and pay on time.

Diversify Your Credit Profile

Adding an installment loan to a credit profile that previously consisted primarily of revolving credit can contribute positively to your overall credit mix, another factor considered by credit scoring models.

Reduce Interest Costs

Many debt consolidation loans offer lower interest rates than high-interest credit cards. This can help you pay down your debt faster while potentially reducing the total amount paid over time.

The Biggest Mistake to Avoid

Debt consolidation can be a powerful financial tool, but it is not a magic solution.

One of the biggest mistakes people make is paying off their credit cards through consolidation and then immediately running those balances back up again. Doing so can leave you with both the consolidation loan and new credit card debt, putting you in an even more difficult financial position than before.

The key is to pair debt consolidation with healthier financial habits, a realistic budget, and a commitment to avoiding unnecessary debt.

Final Thoughts

Debt consolidation isn't the right solution for everyone, but for many people struggling with high-interest credit card debt, it can provide breathing room, simplify finances, and create a faster path toward financial stability.

My experience showed me that even when your credit feels beyond repair, positive change is possible. With the right strategy, discipline, and consistency, you can rebuild your credit, reduce your debt, and regain confidence in your financial future.

The journey may not happen overnight, but every positive financial decision is a step in the right direction.

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