

# PROTECT BORROWERS

RESOURCES & LITIGATION

## Deep Dive: The Hidden Costs of Delinquency: Subprime Credit, Predatory Loans, and Debt Traps

The following SBPC Deep Dive presents an analysis indicating that one student loan in delinquency can make borrowers of every credit tier subprime, according to [recent data](#)

(<https://libertystreeteconomics.newyorkfed.org/2025/03/credit-score-impacts-from-past-due-student-loan-payments/>) from the Federal

Reserve Bank of New York. Once a borrower becomes subprime, their interest rates for lines of credit could more than double, making it substantially more difficult—if not impossible—to buy a house or a car, open a credit card, get a personal loan, or access other loans to make ends meet. Borrowers could then be targeted with predatory loan products, some with interest rates as high as [662](#)

(<https://www.responsiblelending.org/sites/default/files/nodes/files/research-publication/crl-red-alert-rates-payday-ratecap-map-jun2023.pdf>)

percent, that can trap them in further lifelong debt.

*Author: Jennifer Zhang, June 26, 2025.*

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## Jump to:

- [Introduction \(#introduction\)](#)
  - [Credit Score Impacts From Delinquency \(#Credit-Score-Impacts-From-Delinquency\)](#)
  - [The Cost of Delinquency \(#The-Cost-of-Delinquency\)](#)
  - [It Didn't Have to Be This Way \(#It-Didn't-Have-to-Be-This-Way\)](#)
  - [Conclusion \(#conclusion\)](#)
  - [Endnotes \(#endnotes\)](#)
- 

## Introduction

Over [5.6 million](#) (<https://libertystreeteconomics.newyorkfed.org/2025/05/student-loan-delinquencies-are-back-and-credit-scores-take-a-tumble/>) people, or over one-in-eight student loan borrowers, were reported as delinquent on their loans in the first three months of 2025, according to estimates from the Federal Reserve Bank of New York.<sup>1</sup> ([#6798890c-9513-44fe-91a5-fb0d75415e94](#)) This is due both to the end of the one-year on-ramp to repayment that protected borrowers from becoming delinquent, and a scheme by the Trump Administration to actively [prevent borrowers](#) (<https://protectborrowers.org/trump-administration-denies-access-to-affordable-repayment-plans-in-extreme-response-to-right-wing-court-order/>) from making affordable payments by blocking access to Income-Driven Repayment (IDR) plans.

Approximately [9.2 million](#) (<https://www.fico.com/blogs/student-loan-delinquencies-lower-average-fico-score-715>) borrowers are expected to be reported as delinquent by the end of June. This would account for 43 percent of all borrowers whose loans are not currently in forbearance due to litigation over the Saving on a Valuable Education (SAVE) plan or pending applications for payment plan changes. The scale of these delinquencies is having ripple effects across the economy and is one of

the key factors dropping the national average FICO score by **two points** (<https://www.fico.com/blogs/student-loan-delinquencies-lower-average-fico-score-715>) (from 717 to 715) since last year.

## Credit Score Impacts From Delinquency ↑ (#jump-to)

One student loan in delinquency<sup>2</sup> ([#c9023957-afab-4bfb-86e1-a5685276dc17](#)) can tank a borrower’s credit score by **87 to 171 points** (<https://libertystreeteconomics.newyorkfed.org/2025/03/credit-score-impacts-from-past-due-student-loan-payments/>), according to research by the Federal Reserve Bank of New York. This decline is enough to make almost any such borrower subprime on their credit, including superprime borrowers with credit scores above 760. The higher a borrower’s credit score, the more a delinquency hurts, on average.

**Fig. 1. Average credit score decreases due to delinquency by credit tier.**<sup>3</sup> ([#9b49d674-75d0-4faf-a787-e60b9e463d51](#))

Credit Score Before New Delinquency	Average Credit Score Change From New Delinquency	Approximate Credit Score After New Delinquency
< 620	- 87 points	< 533
620 to 659	- 143 points	<b>477 to 516</b>
660 to 719	- 165 points	<b>495 to 554</b>
720 to 759	- 165 points	<b>555 to 594</b>
> 760	- 171 points	<b>&gt; 589</b>

More than **two-in-five borrowers**

**(<https://libertystreeteconomics.newyorkfed.org/2025/05/student-loan-delinquencies-are-back-and-credit-scores-take-a-tumble/>)** whose loans became delinquent during the first quarter of 2025 previously had credit scores above 620. These borrowers saw their scores dramatically plummet and became locked out of many conventional credit access opportunities. The New York Fed **estimates** **(<https://libertystreeteconomics.newyorkfed.org/2025/05/student-loan-delinquencies-are-back-and-credit-scores-take-a-tumble/>)** that over 2.2 million borrowers saw their credit scores drop by more than 100 points, and more than 1 million had their scores drop by over 150 points.

Borrowers who already had scores below 620 were likely already dealing with restricted credit access and the other adverse impacts of being subprime or close to it. However, additional credit score drops for these borrowers, of 87 points on average, could virtually ensure that they have no credit access opportunities besides highly expensive and predatory loans.

## **The Cost of Delinquency ↑ (#jump-to)**

The total costs of having a subprime credit score can be **financially devastating** (**(<https://apnews.com/article/student-loan-delinquent-credit-score-drops-267520ceeed3125c184c2f21c8796a2>)**). In 2024, the average student loan borrower had a credit score of **684** (**(<https://www.newyorkfed.org/medialibrary/Interactives/householdcredit/data/xls/Student-loan-update-2025-Mangrum>)**). Per the New York Fed researchers' projections, a new student loan delinquency would tank such a borrower's score by 165 points, to approximately 519, which is considered **deep subprime** (**(<https://www.consumerfinance.gov/data-research/consumer-credit-trends/student-loans/borrower-risk-profiles/>)**). The borrower could suddenly be blocked from buying a home using a conventional mortgage, see their interest rate for an auto loan

double, see the cost of taking out a personal loan more than quadruple,<sup>4</sup> ([#c51468a4-9472-46fe-923c-0633f420fbc9](https://www.businessinsider.com/personal-finance/credit-score/credit-score-needed-to-rent-apartment)) and face new hurdles in securing **rental housing** (<https://www.businessinsider.com/personal-finance/credit-score/credit-score-needed-to-rent-apartment>), **utilities** (<https://consumer.ftc.gov/articles/getting-utility-services-why-your-credit-matters>), **home insurance** (<https://consumer.ftc.gov/articles/credit-scores>), and **cell phone plans** (<https://www.transunion.com/article/why-getting-a-cell-phone-may-depend-on-your-credit>).

**Fig. 2. Average changes in interest rates and credit approval odds due to delinquency.**

<b>Credit Line</b>	<b>Before Delinquency (Credit Score: 684) Interest Rate or Approval Odds</b>	<b>After Delinquency (Credit Score: 519) Interest Rate or Approval Odds</b>
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**New**

**Auto Loan**<sup>5</sup> ([#b66a5323-709c-4d0b-a14b-a3d2b62be070](https://www.consumer.ftc.gov/articles/new-auto-loan-interest-rates))

6.70%

13.22%

**Used**

**Auto Loan**<sup>6</sup> ([#98c00782-ba1b-4029-888f-ad7d25831a96](https://www.consumer.ftc.gov/articles/used-auto-loan-interest-rates))

9.06%

18.99%

**Personal**

**Loan**<sup>7</sup> ([#ac1f4e4a-97df-4a35-b081-237efbd8e6a6](https://www.consumer.ftc.gov/articles/personal-loan-interest-rates))

36.70%

176.10%

(range 12.8 – 224.0%)

(range 142.8 – 214.3%)

**Conventional  
Mortgage**<sup>8</sup>(#7f78a98f-  
3ce5-4f66-8fcf-  
e1a24b54173d)

~ 7.55%

Don't qualify, may be targeted with more predatory loan products

**Rental  
Approval**<sup>9</sup>(#012dcd6b-  
1ad0-4d4d-9674-  
437af028cfb8)

Very likely

May need cosigner/guarantor, larger security deposit, or proof of substantial savings

**Credit Card  
Approval**<sup>10</sup>(#1247a516-  
c4e0-4026-a577-  
ac2f3b93b098)

Very likely (depending on the card)

Would likely need a security deposit, may be targeted with more predatory loan products

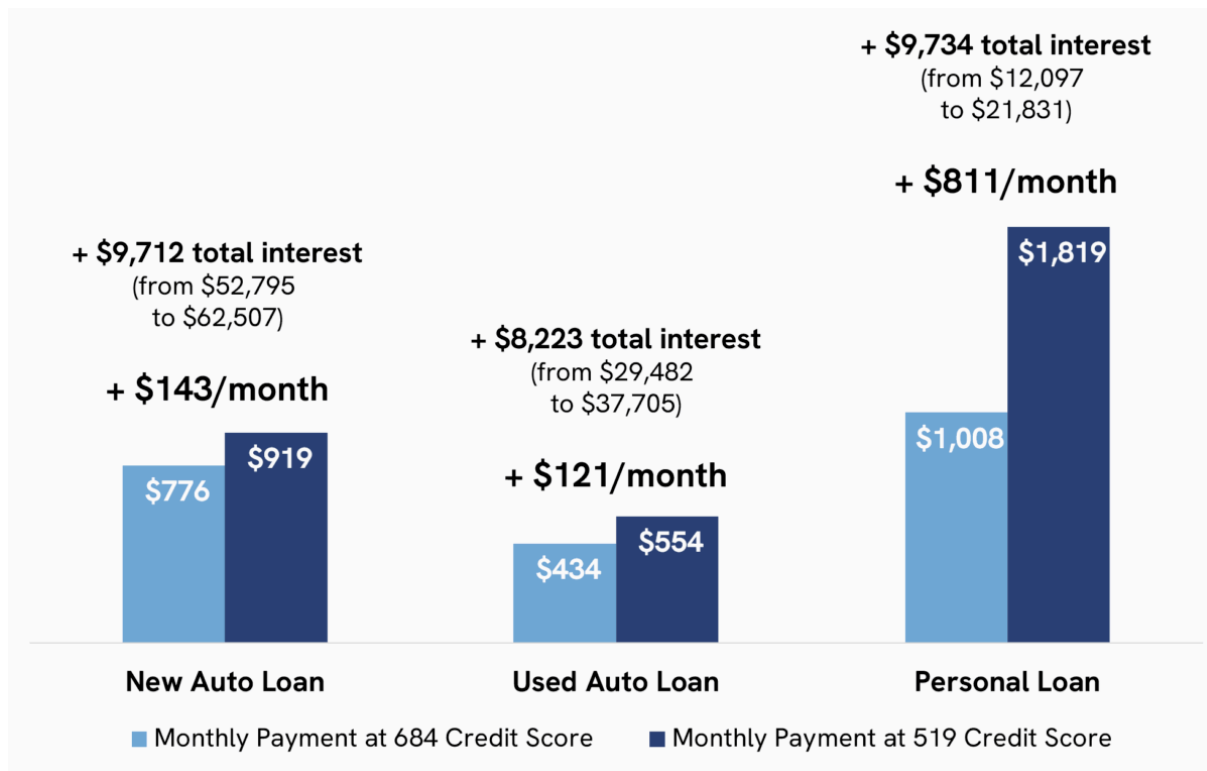
**Job  
Application**<sup>11</sup>  
(#0344013d-b614-4051-  
b9d4-28c4417c8e59)

Likely positive to no impact

Could adversely impact (unless borrower is in a state with restrictions on credit checks for employment)

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**Fig. 3. Increased loan payments and interest from delinquency-related credit score decreases.** [12 \(#2ceffc2ff-3008-4835-b7b4-54858652540a\)](#)



The New York Fed additionally found that among borrowers who do not currently qualify for a \$0 payment, delinquency rates are highest for those between the ages of 40 and 49 (28.4 percent), followed by borrowers between 50 and 59 (21.4 percent), and borrowers over 60 (25 percent). Across the board, more than [one-in-four](https://libertystreeteconomics.newyorkfed.org/2025/05/student-loan-delinquencies-are-back-and-credit-scores-take-a-tumble/) borrowers over the age of 40 with a payment due are delinquent on their loans. The massive reductions in credit access caused by delinquency can be

particularly devastating if these borrowers are attempting to start or sustain a family, build home equity, establish greater financial security, or retire.

Borrowers who struggle to repay their student loans often already struggle to pay their bills in general. Locked out of conventional lending products, borrowers could turn to [payday loans](https://www.consumerfinance.gov/ask-cfpb/what-is-a-payday-loan-en-1567/) (<https://www.consumerfinance.gov/ask-cfpb/what-is-a-payday-loan-en-1567/>), [auto title loans](https://www.pewtrusts.org/en/research-and-analysis/reports/2015/03/auto-title-loans) (<https://www.pewtrusts.org/en/research-and-analysis/reports/2015/03/auto-title-loans>), [contracts for deed](https://www.consumerfinance.gov/ask-cfpb/what-is-a-contract-for-deed-en-2149/#:~:text=Contracts%20for%20deed%20are%20loans,homeownersh) (<https://www.consumerfinance.gov/ask-cfpb/what-is-a-contract-for-deed-en-2149/#:~:text=Contracts%20for%20deed%20are%20loans,homeownersh> [ip%2C%20but%20most%20carry%20risks.](https://www.consumerfinance.gov/ask-cfpb/what-is-a-contract-for-deed-en-2149/#:~:text=Contracts%20for%20deed%20are%20loans,homeownersh)), and [other predatory options](https://protectborrowers.org/point-of-fail-how-a-flood-of-buy-now-pay-later-student-debt-is-putting-millions-at-risk/) (<https://protectborrowers.org/point-of-fail-how-a-flood-of-buy-now-pay-later-student-debt-is-putting-millions-at-risk/>). These products can feature interest rates as high as [662 percent](https://www.responsiblelending.org/media/new-crl-map-shows-excessive-payday-lending-interest-rates-still-plague-over-half-us-states) (<https://www.responsiblelending.org/media/new-crl-map-shows-excessive-payday-lending-interest-rates-still-plague-over-half-us-states>), balloon payments, equity stripping (where if a borrower fails to repay, their home, car, or another underlying asset can be seized), excessive hidden fees, and other gimmicks that conceal how unaffordable the loans are. Squeezed between bills that need to be paid, [skyrocketing costs of living](https://apnews.com/article/inflation-economy-federal-reserve-48e77a855078b37bf3ccd58c9db94c82) (<https://apnews.com/article/inflation-economy-federal-reserve-48e77a855078b37bf3ccd58c9db94c82>), [forced collections](https://protectborrowers.org/trump-admin-throws-millions-of-americans-with-student-debt-into-the-jaws-of-government-collections-) (<https://protectborrowers.org/trump-admin-throws-millions-of-americans-with-student-debt-into-the-jaws-of-government-collections->

[machine/](#)) on student loans, and loss of access to conventional loans, they could be rapidly subsumed into a cycle of predatory debt that is difficult to near impossible to escape.

## **It Didn't Have to Be This Way↑ (#jump-to)**

The Federal Reserve predicts that as many as [9.2 million borrowers](https://libertystreeteconomics.newyorkfed.org/2025/03/credit-score-impacts-from-past-due-student-loan-payments/) will face negative credit reporting as a result of a student loan delinquency by the end of June 2025. In theory, further delinquencies and the associated damage to borrowers' credit reports should be preventable; however, the Trump Administration is making student loan payments more expensive and even [preventing borrowers](https://protectborrowers.org/new-court-filing-reveals-backlog-of-2-million-borrower-payment-plan-applications/) from accessing affordable payments.

- The SAVE Plan, which made payments significantly more affordable for 8 million borrowers, has been [frozen since July 2024](https://studentaid.gov/announcements-events/idr-court-actions) as a result of [right-wing litigation](https://protectborrowers.org/blog-biden-admins-latest-effort-to-save-borrowers-and-states-that-are-hell-bent-to-stop-it/).

Previously-enrolled borrowers are now in an indefinite forbearance until the litigation is settled.

- In a zealous (and illegal) over-interpretation of the [court order](https://protectborrowers.org/aft-sues-u-s-department-of-education-demands-justice-for-student-loan-borrowers-blocked-from-affordable-loan-payments/) on SAVE, the Trump Administration took down applications for loan consolidation and all other IDR plans, including Income-Based Repayment (IBR), Pay As You Earn

(PAYE), and Income-Contingent Repayment (ICR), leaving low-income borrowers who cannot afford their payments with no options.

- The Trump Administration's refusal to accept applications added to an existing backlog of 1 million applications for IDR plans. The backlog has since grown to over [1.5 million](#)

[\(https://www.courtlistener.com/docket/69753739/37/american-federation-of-teachers-v-us-department-of-education/\)](https://www.courtlistener.com/docket/69753739/37/american-federation-of-teachers-v-us-department-of-education/)

applications. For each of these borrowers, every month that their application is not processed is another month that they are kept on the hook for payments they can't afford and/or denied credit toward loan cancellation to which they are legally entitled.

- Following a [lawsuit \(https://protectborrowers.org/aft-sues-u-s-department-of-education-demands-justice-for-student-loan-borrowers-blocked-from-affordable-loan-payments/\)](https://protectborrowers.org/aft-sues-u-s-department-of-education-demands-justice-for-student-loan-borrowers-blocked-from-affordable-loan-payments/) filed by the AFT on March 26, the Trump Administration [resumed accepting applications](#) [\(https://protectborrowers.org/update-under-pressure-ed-will-restore-idr-app-but-not-immediately-resume-processing/\)](https://protectborrowers.org/update-under-pressure-ed-will-restore-idr-app-but-not-immediately-resume-processing/)

for IDR plans, though it may take [months, if not years](#)

[\(https://protectborrowers.org/new-court-filing-reveals-backlog-of-2-million-borrower-payment-plan-applications/\)](https://protectborrowers.org/new-court-filing-reveals-backlog-of-2-million-borrower-payment-plan-applications/), to clear the

backlog, and some borrowers are being [told](#)

[\(https://perma.cc/BQ26-J2AA\)](https://perma.cc/BQ26-J2AA) that they may need to reapply.

- In March 2025, the Trump Administration [fired](#)  [\(https://www.npr.org/2025/03/12/nx-s1-5325854/trump-education-department-layoffs-civil-rights-student-loans\)](https://www.npr.org/2025/03/12/nx-s1-5325854/trump-education-department-layoffs-civil-rights-student-loans) half the employees at the U.S. Department of Education, including the team responsible for vendor oversight and [nearly all](#)  [\(https://protectborrowers.org/wp-content/uploads/2025/05/Bonnie-Latreille-Senate-Testimony-May-2025-1.pdf\)](https://protectborrowers.org/wp-content/uploads/2025/05/Bonnie-Latreille-Senate-Testimony-May-2025-1.pdf) of Federal Student Aid's student loan ombuds staff.

Without these offices, borrowers will now have less effective

assistance when contesting erroneous delinquencies. Although a federal court issued a preliminary injunction [reversing \(https://www.cupahr.org/blog/federal-judge-blocks-trump-administrations-actions-to-dismantle-department-of-education-2025-05-29/\)](https://www.cupahr.org/blog/federal-judge-blocks-trump-administrations-actions-to-dismantle-department-of-education-2025-05-29/) this termination, this action is temporary pending the outcome of further litigation. These and future firings could lead to additional errors with studentaid.gov and other loan application and repayment portals.

- The Trump Administration has taken illegal measures to gut the Consumer Financial Protection Bureau (CFPB)—a primary regulator of the student loan servicing industry. In addition to Federal Student Aid’s contractual remedies, the CFPB can enforce consumer protection laws to hold servicers accountable, such as when they misreport borrowers as delinquent, [fail \(https://web.archive.org/web/20250115232342/https://www.ed.gov/about/news/press-release/us-department-of-education-announces-withholding-of-payment-student-loan\)](https://web.archive.org/web/20250115232342/https://www.ed.gov/about/news/press-release/us-department-of-education-announces-withholding-of-payment-student-loan) to send billing statements on-time, misreport a single student loan as [multiple loans \(https://www.washingtonpost.com/education/2024/05/29/student-loan-balance-duplicates-credit-reports/\)](https://www.washingtonpost.com/education/2024/05/29/student-loan-balance-duplicates-credit-reports/), and make [other mistakes \(https://files.consumerfinance.gov/f/documents/cfpb\\_2024-annual-student-loan-ombudsmans-report\\_2024-11.pdf\)](https://files.consumerfinance.gov/f/documents/cfpb_2024-annual-student-loan-ombudsmans-report_2024-11.pdf) that affect the credit standing of millions of borrowers.

On top of these developments, in May, the House of Representatives passed a budget reconciliation bill that will cut or eliminate [Pell Grants \(https://www.insidehighered.com/news/government/student-aid-policy/2025/04/29/house-gop-propose-330b-cuts-higher-ed-programs\)](https://www.insidehighered.com/news/government/student-aid-policy/2025/04/29/house-gop-propose-330b-cuts-higher-ed-programs) for two-in-three recipients, force half of future college students to take

out expensive [private loans \(https://protectborrowers.org/private-lenders-would-cash-in-on-congress-student-loan-changes/\)](https://protectborrowers.org/private-lenders-would-cash-in-on-congress-student-loan-changes/), force borrowers to start paying their loans back

## **Conclusion ↑ (#jump-to)**

Beyond the damage to borrowers' credit scores, delinquent student loans eventually lead to [default \(https://studentaid.gov/manage-loans/default#understand-default\)](https://studentaid.gov/manage-loans/default#understand-default), absent additional intervention.<sup>13</sup> ([#53941e1e-68b4-4cc4-835f-cc3372c20727](https://twitter.com/53941e1e68b44cc4835fcc3372c20727)) Such intervention typically includes enrolling in a more affordable IDR plan or applying for hardship-based forbearances and deferments. The Trump Administration has attempted to [stop processing \(https://protectborrowers.org/update-under-pressure-ed-will-restore-idr-app-but-not-immediately-resume-processing/\)](https://protectborrowers.org/update-under-pressure-ed-will-restore-idr-app-but-not-immediately-resume-processing/) IDR plan applications, while the House budget reconciliation proposal would [eliminate \(https://protectborrowers.org/deep-dive-house-reconciliation-bill-makes-paying-for-college-more-expensive-risky/\)](https://protectborrowers.org/deep-dive-house-reconciliation-bill-makes-paying-for-college-more-expensive-risky/) hardship-based forbearances and deferments for future borrowers. In addition to limiting pathways for delinquent borrowers to avoid default, the Trump Administration [announced \(https://protectborrowers.org/trump-admin-throws-millions-of-americans-with-student-debt-into-the-jaws-of-government-collections-machine/\)](https://protectborrowers.org/trump-admin-throws-millions-of-americans-with-student-debt-into-the-jaws-of-government-collections-machine/) in April that it would begin forcibly collecting on defaulted federal student loans by seizing borrowers' tax refunds and Social Security benefits, starting May 5. After significant pressure by advocates, the Administration has backtracked on its plans to [seize Social Security benefits \(https://protectborrowers.org/trump-administration-caves-on-plans-to-snatch-social-security-benefits-after-pressure-from-borrower-](https://protectborrowers.org/trump-administration-caves-on-plans-to-snatch-social-security-benefits-after-pressure-from-borrower-)

[advocates/](#))—but is still moving forward to [garnish borrowers' paychecks \(https://www.npr.org/2025/04/23/nx-s1-5372332/student-loans-default-collection\)](#) later this summer.

All of this is occurring under an administration that openly prioritizes the financial interests of billionaires over working Americans. The Trump Administration is actively restarting the harshest consequences of the student loan system while simultaneously closing the few paths out of delinquency and default that preserve a borrower's ability to pay their other bills and simply survive. Borrowers are in a uniquely impossible situation—they must repay their loans with money they do not have, but because of actions by this administration, they are unable to switch to a more affordable repayment plan. Meanwhile, credit, rental housing, insurance, and other basic necessities will become increasingly expensive to completely inaccessible the further borrowers fall behind—leaving them more desperate and vulnerable to predatory lenders and, ultimately, creating ripple effects across the economy.

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## Endnotes [↑](#) ([#jump-to](#))

1. The New York Federal Reserve Bank's estimates are [derived from \(https://libertystreeteconomics.newyorkfed.org/2025/05/student-](#)

[loan-delinquencies-are-back-and-credit-scores-take-a-tumble/](#)) the New York Fed Consumer Credit Panel, which is a representative panel of anonymized credit reports from Equifax. Accordingly, these figures differ somewhat from the [delinquency reporting \(https://studentaid.gov/data-center/student/portfolio\)](#) of the National Student Loan Data System of the U.S. Department of Education. For the purpose of assessing the credit impacts of delinquency reports, we consistently refer to the New York Fed's figures throughout this analysis. ↩️ ([#6798890c-9513-44fe-91a5-fb0d75415e94-link](#))

2. While student loans are considered “delinquent” as soon as they are past-due, loans are typically only *reported* as [delinquent \(https://studentaid.gov/manage-loans/default\)](#) to credit bureaus when the borrower is 90 days or more past due. However, federal loan servicers have a [documented \(https://www.warren.senate.gov/newsroom/press-releases/senate-investigation-reveals-mohela-may-have-contributed-to-nearly-2-million-student-loan-duplication-errors-appearing-on-borrowers-credit-reports\) history \(https://www.consumerfinance.gov/about-us/newsroom/cfpb-bans-navient-from-federal-student-loan-servicing-and-orders-the-company-to-pay-120-million-for-wide-ranging-student-lending-failures/\)](#) of misreporting borrowers as delinquent before the 90-day threshold and even when they are current on their loans, and/or making other errors that negatively affect borrowers' credit standing. ↩️ ([#c9023957-afab-4bfb-86e1-a5685276dc17-link](#))
3. The New York Fed only reports [average credit score changes \(https://libertystreeteconomics.newyorkfed.org/2025/03/credit-score-impacts-from-past-due-student-loan-payments/\)](#) due to delinquency for each credit tier. It is likely that the actual score

decreases at the bounds of each credit tier are different from the average for each tier. Lacking this precise data, we therefore note that the estimated new credit scores after delinquency are only approximations. [↩ \(#9b49d674-75d0-4faf-a787-e60b9e463d51-link\)](#)

4. See Figures 2 and 3. [↩ \(#c51468a4-9472-46fe-923c-0633f420fbc9-link\)](#)
5. The interest rates for a new auto loan are provided by Experian through [NerdWallet \(https://perma.cc/42X9-2CE7\)](https://perma.cc/42X9-2CE7). [↩ \(#b66a5323-709c-4d0b-a14b-a3d2b62be070-link\)](#)
6. The interest rates for a used auto loan are provided by Experian through [NerdWallet \(https://perma.cc/42X9-2CE7\)](https://perma.cc/42X9-2CE7). [↩ \(#98c00782-ba1b-4029-888f-ad7d25831a96-link\)](#)
7. The interest rates for personal loans are from a market-wide analysis by [Business Insider \(https://perma.cc/YWL2-2XQB?type=image\)](https://perma.cc/YWL2-2XQB?type=image) for loan options available during the week of June 10, 2025. This source has substantial volatility in the average interest rates reported from week to week; a previous analysis using data from February 2025 found an eightfold increase in personal loan interest rates between the credit scores of 684 and 519. For an archive of week-to-week interest rate averages, see [Wayback Machine \(https://web.archive.org/web/20250000000000\\*/https://www.businessinsider.com/personal-finance/personal-loans/average-personal-loan-interest-rates#current-average-personal-loan-interest-rates-in-2025\)](https://web.archive.org/web/20250000000000*/https://www.businessinsider.com/personal-finance/personal-loans/average-personal-loan-interest-rates#current-average-personal-loan-interest-rates-in-2025). [↩ \(#ac1f4e4a-97df-4a35-b081-237efbd8e6a6-link\)](#)
8. The interest rate for a conventional 30-year mortgage for a credit score of 684 is provided by [Experian \(https://perma.cc/85CD-GAQ7\)](https://perma.cc/85CD-GAQ7); no interest rate is given for scores below 620. [↩ \(#7f78a98f-3ce5-4f66-8fcf-e1a24b54173d-link\)](#)
9. [Business Insider \(https://www.businessinsider.com/personal-finance/credit-score/credit-score-needed-to-rent-apartment\)](https://www.businessinsider.com/personal-finance/credit-score/credit-score-needed-to-rent-apartment)

reports that while individual landlords may vary in their credit screening requirements, many generally prefer a credit score of at least 670. ↩️ ([#012dcd6b-1ad0-4d4d-9674-437af028cfb8-link](#))

10. **BankRate** (<https://www.bankrate.com/credit-cards/advice/what-credit-score-for-credit-card/#what-score-do-i-need-for-a-credit-card>) reports that consumers with credit scores below 580 can either apply for a student credit card (which often have high interest rates) or a secured credit card (where the initial credit limit is equal to the amount of a security deposit). Some limited card options are available to consumers with scores of 580 to 669, while substantially more options are available to consumers with scores over 670. ↩️ ([#1247a516-c4e0-4026-a577-ac2f3b93b098-link](#))
11. The credit score required for employment varies significantly by position and employer. States and municipalities which **restrict the usage of credit checks for employment** (<https://www.backgroundchecks.com/compliance-and-legislation/a-guide-to-the-states-that-ban-credit-checks-for-employment>) include as of June 2024: California, Colorado, Connecticut, Hawaii, Illinois, Maryland, Nevada, Oregon, Vermont, Washington, New York City, Chicago, and Philadelphia. ↩️ ([#0344013d-b614-4051-b9d4-28c4417c8e59-link](#))
12. The monthly payments and total interest for new auto loans are calculated for a \$48,699 vehicle (which was reported as the average new vehicle price in April 2025 by **Kelley Blue Book** (<https://perma.cc/3Y66-THWK>)) with a 10% down payment, 68-month term, and **reported interest rates** (<https://perma.cc/42X9-2CE7>) at the pre-delinquency average credit score of 684 (6.70%) and post-delinquency average credit score of 519 (13.22%).

The monthly payments and total interest for used auto loans are

calculated for a \$25,547 vehicle (which was reported as the average used vehicle price in April 2025 by [Kelley Blue Book \(https://perma.cc/3Y66-THWK\)](https://perma.cc/3Y66-THWK)) with a 10% down payment, 68-month term, and [reported interest rates \(https://perma.cc/42X9-2CE7\)](https://perma.cc/42X9-2CE7) at the pre-delinquency average credit score of 684 (9.06%) and post-delinquency average credit score of 519 (18.99%).

The monthly payments and total interest are calculated for a \$10,000 personal loan, a 1-year term (which is not reflective of market averages but provided as an example), and [reported interest rates \(https://perma.cc/42X9-2CE7\)](https://perma.cc/42X9-2CE7) at the pre-delinquency average credit score of 684 (36.70%) and post-delinquency average credit score of 519 (176.10%).

All numbers are calculated with decimals and then rounded to the nearest whole, so the average additional monthly payment and total additional interest calculations may appear to be off by \$1 [↩](#) [\(#2cefc2ff-3008-4835-b7b4-54858652540a-link\)](#)

13. Student loans default after 270 days, or 9 months, of non-payment. Borrowers who are delinquent on their loans should typically be able to [apply \(https://studentaid.gov/manage-loans/default#understand-delinquency\)](https://studentaid.gov/manage-loans/default#understand-delinquency) for forbearances, deferment, and enrollment in more affordable Income-Driven Repayment plans. [↩](#) [\(#53941e1e-68b4-4cc4-835f-cc3372c20727-link\)](#)