



AUXANO CAPITAL PARTNERS

A FIELD MANUAL · 2026 EDITION

The Denial *Reversal* Playbook

How to legally challenge credit and funding denials, rebuild your file, and unlock the capital you were told you couldn't get.

FOR INDIVIDUALS & ENTREPRENEURS · 24 PP

THE DENIAL REVERSAL PLAYBOOK

A field manual for credit repair, business structure, and capital access.

Published by **Auxano Capital Partners**

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First edition. Editorial direction by the Auxano underwriting team. Research and writing draws on public guidance from the Consumer Financial Protection Bureau, the Federal Reserve Small Business Credit Survey, the Federal Reserve Bank of New York SCE Credit Access Survey, and federal statute (FCRA, ECOA, FDCPA).

This guide is educational and does not constitute legal, tax, or financial advice. Always consult a qualified professional for your specific situation.

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A LETTER FROM THE FOUNDER

You Were Told No. That Was the First Word, Not the Last.



If you're reading this, you've probably been told **"no"** when you needed a **"yes."** A credit card denial. A mortgage rejection. An SBA application that stalled out. A line of credit pulled at the worst possible moment. I've sat across from hundreds of clients who carried that letter in their pocket like a verdict.

It isn't a verdict. It's a **document**.

Under federal law, every lender that denies you owes you an explanation, a copy of the data they used, and a process to challenge it. Most people never use any of it. This playbook is the same sequence we walk our private clients through — step by step, letter by letter — until the denial is reversed or the file is rebuilt strong enough that the next lender says yes.

Read it once. Then keep it close.

— **The Auxano Team**

01

PART I · DIAGNOSIS

Why Lenders Really Say No

The four buckets every denial falls into — and why three of them are fixable inside 90 days.

CHAPTER ONE

The Anatomy of a No

Roughly **one in five consumer credit applications are denied**, and the rate climbs to **nearly one in three** for applicants with credit scores below 680. For business owners the picture is harder: the Federal Reserve's Small Business Credit Survey consistently shows that **more than half of employer firms** that apply for financing receive less than the full amount requested, and the most-cited reason isn't bad credit — it's a *thin* credit file.

1 in 5

CONSUMER APPS DENIED

Federal Reserve Bank of New York, SCE Credit Access Survey.

53%

SMB APPS UNDER-FUNDED

Federal Reserve Small Business Credit Survey, employer firms.

\$10K

AVG. COST OF ONE DENIAL

Lost capital + inquiry damage + 90-day re-application delay.

The Four Buckets

Every denial — personal or business, bank or fintech — falls into one of four buckets. Knowing which bucket your denial sits in is the difference between fixing it in 30 days and chasing it for a year.

01**Data problems**

Outdated, duplicated, mixed, or unverifiable information on your personal or business credit file. **Fixable in 30–45 days** via FCRA disputes.

02**Profile problems**

Utilization too high, file too young, too many recent inquiries, missing tradelines. **Fixable in 30–90 days** with utilization paydown and tradeline additions.

03**Capacity problems**

Debt-to-income, debt service coverage, or cash-flow ratios outside the lender's box. Usually **requires repositioning** — different lender, different product, or new income.

04

Structure problems

Entity not registered correctly, no EIN, no business bank account, no D-U-N-S, address mismatch, wrong NAICS. **Fixable in 7–30 days** and the single most overlooked category.

The Good News, in One Sentence

“Three of the four buckets are fixable in 30 to 90 days — without waiting on time, age, or anyone’s permission.”

— AUXANO UNDERWRITING DESK

That’s the wager this playbook makes. Most of the people we work with have been told to “*wait it out*.” Wait for the late to age. Wait for the inquiry to fall off. Wait two more years before applying again. That advice is true for exactly one bucket — the capacity bucket — and even there it’s rarely the fastest path.

LENDER'S BOX — WHAT UNDERWRITERS ACTUALLY LOOK AT

Every lender publishes (or quietly maintains) a **credit box**: the minimum personal FICO, business credit score, time-in-business, monthly revenue, debt service coverage, and industry codes they will approve. Most denials happen because the applicant fell outside **one** line of that box. Ask, in writing, which line — that is your roadmap.

02

PART I · DIAGNOSIS

Your Federal Rights After a Denial

*FCRA, ECOA, and Regulation B — the three laws that turn
a denial letter into a roadmap.*

CHAPTER TWO

Three Laws on Your Side

Fair Credit Reporting Act (FCRA)

Under 15 U.S.C. § 1681m, any lender that takes adverse action based on a consumer report must give you written notice that includes the name and contact information of the credit bureau used, your right to a **free copy of that report within 60 days**, and your right to dispute inaccurate or incomplete information. Under § 1681i, the bureau must investigate disputed items — generally within **30 days** — and delete anything that cannot be verified.

Equal Credit Opportunity Act (ECOA) & Regulation B

Under 15 U.S.C. § 1691(d) and 12 CFR § 1002.9, every creditor must deliver an **Adverse Action Notice** within **30 days** of receiving a completed application, stating the **specific principal reasons** for denial — not vague language like “*did not meet credit standards*.” If your notice is vague, you have the right to request specific reasons in writing.

Fair Debt Collection Practices Act (FDCPA)

If a collection account is what tipped your file into denial, the FDCPA (15 U.S.C. § 1692) gives you the right to **request validation** within 30 days of first contact. A collector that cannot validate must cease collection — and the tradeline often comes off the report as a result.

“A denial letter is not a closed door. It is a roadmap — the lender is legally required to hand you the exact list of things to fix.”

— FCRA § 1681m · ECOA § 1691(d)

03

PART I · DIAGNOSIS

Decoding the Adverse Action Notice

Five data points appear on every notice. Find each one before you do anything else.

CHAPTER THREE

Read It Like an Underwriter

Every adverse action notice contains the same five data points. Find each one, in this order, before you write a single dispute letter:

01. The **principal reasons** for denial — usually 2 to 4 short phrases. These are the only things you have to fix.
02. The **credit score** used and the range it falls in (e.g., 300–850 FICO 8).
03. The **key factors** that adversely affected the score — up to 5 reason codes.
04. The **credit reporting agency** that supplied the data, with address and toll-free number.
05. Your **right to a free report** from that agency within 60 days of the notice.

Translating Reason Codes

Reason Code	What it actually means	What to fix first
Serious delinquency	Late payments in the last 24 months.	Goodwill letters; re-aging requests.
Amount owed on revolving accounts	Utilization above ~30%, per card and overall.	Pay down balances <i>before</i> statement closing date.
Length of credit history too short	File age below ~24 months.	Authorized-user tradeline; secured card; CB loan.
Too many inquiries last 12 months	5+ hard pulls in a year.	Stop applying. Use soft-pull pre-qualification only.
Insufficient credit experience	Fewer than 3 active tradelines.	Add 2–3 primary tradelines before reapplying.
No recent installment loan	Only revolving accounts on file.	Small credit-builder loan from CDFI or credit union.

04

PART II • REVERSAL

The 7-Day Denial Reversal Sequence

Seven actions, seven days. Every action is something a lender or bureau is legally required to respond to.

CHAPTER FOUR

Seven Days, Seven Moves

This is the exact sequence our reversal desk runs the first week we take on a denied applicant. Each step triggers a legal clock — 30 days for bureaus, 30 days for furnishers, 14 days at most reconsideration desks. Run the moves in parallel, not in series.

01

Day 1 · Read the adverse action notice

Identify the bureau(s) used and the specific reasons listed. Save the PDF and the envelope.

02

Day 2 · Pull every report

All three personal reports from **annualcreditreport.com**. All three business reports — **Experian Business, Equifax Business, Dun & Bradstreet**. Pull the data, not the scores.

03

Day 3 · Highlight every line

Every account, balance, address, employer, public record, inquiry. Mark anything inaccurate, outdated, duplicated, or unverifiable.

04

Day 4 · Dispute the bureaus

Send dispute letters by **certified mail with return receipt**. Keep copies. The 30-day clock starts on delivery.

05

Day 5 · Dispute the furnisher

Send a direct dispute to the original creditor under **FCRA § 1681s-2(b)**. They have the same 30-day window.

06

Day 6 · Request reconsideration

Write the denying lender. Cite the errors you found and any new positive information — paid balances, new income, fresh tradelines.

07

Day 7 • Set the calendar

Bureaus: 30-day reply window. Reconsideration desks often respond in 7–14. Track every deadline.

05

PART II • REVERSAL

The 11 Most Reversible Denial Reasons

*The denial reasons we successfully reverse the most often
— and the exact mechanism for each.*

CHAPTER FIVE

The Eleven Reversibles

■	Denial reason	Fix
01	Mixed or merged credit files	Two consumers with similar names/SSNs have data co-mingled. File an FCRA dispute with each bureau. If they refuse, file a CFPB complaint — bureaus respond within 15 days.
02	Outdated negative items	Most negatives must fall off after 7 years ; Ch.7 bankruptcies after 10. Anything older is removable on demand.
03	Re-aged collections	Debt buyers sometimes report old debts as new. Dispute the date of first delinquency — federal law freezes it.
04	Duplicate collections	Same debt reported by both original creditor and collector. One must go.
05	Paid-but-still-reporting balances	Recent payoffs often lag 30–60 days. Send proof to the bureau and the lender’s reconsideration line.
06	Authorized-user mis-reporting	An AU account dropped or never reported — call the primary issuer , not the bureau.
07	Identity theft / fraud accounts	File an FTC IdentityTheft.gov report; bureaus must block the items within 4 business days.
08	Soft inquiries reported as hard	Pre-approvals that converted incorrectly. Provide the offer letter as proof.
09	Wrong employer or address	Triggers fraud flags. Update with each bureau <i>and</i> each lender directly.
10	Public records that don’t belong to you	Civil judgments are largely gone from credit reports as of 2017 — dispute any still listed.
11	Business credit pulled on the wrong entity	DBA vs. LLC vs. corp mismatch. Fix entity registration and re-submit with the correct EIN and legal name.

06

PART II • REVERSAL

Dispute Letter Frameworks

Two letters do 80% of the work. Use these as templates and customize one paragraph per situation.

CHAPTER SIX

The Two Letters That Do the Work

Template A • Bureau dispute (certified mail)

FCRA § 1681i

[Your name, address, DOB, last 4 of SSN]
[Date]

[Bureau name & address]

Re: Dispute of inaccurate information

To Whom It May Concern,

I am writing to dispute the following information in my file. The item(s) listed below are inaccurate or incomplete and must be investigated under the Fair Credit Reporting Act, 15 U.S.C. § 1681i.

Account: _____ **Account #:** _____

Reason: [not mine / wrong balance / wrong date / duplicate / paid]

Please investigate, correct or delete the item, and send me an updated copy of my report. Enclosed are copies of [ID, utility bill, payoff].

Sincerely,
[Signature]

Template B • Reconsideration request

TO THE DENYING LENDER

Dear [Lender] Reconsideration Team,

On [date] I received an adverse action notice for application #____. Since that notice I have:

- (1) [paid down \$X, reducing utilization from Y% to Z%];
- (2) [had inaccurate items removed from my [bureau] report];
- (3) [added documented income of \$X / opened a business bank account].

I respectfully request a manual review of my updated file. I am happy to provide any additional documentation needed.

Thank you for reconsidering my application.

07

PART III · REBUILD

The 30-30-30 File Rebuild

Removing errors is half the work. The other half is making the file the next lender pulls actively positive.

CHAPTER SEVEN

Rebuild the File, Not Just the Score

< 30% 30 mo. 3 min.

UTILIZATION, PER CARD

FICO weighs per-card utilization separately. One maxed card hurts the score even if the overall ratio is low.

RECENT PAYMENT HISTORY

FICO weighs the most recent 24–30 months heaviest. One clean year on a new tradeline can outweigh a 4-year-old late.

ACTIVE TRADELINES

Two revolving + one installment is the minimum profile most prime lenders want to see before approval.

Utilization, before statement closing date

Pay revolving balances down so that **each card** and your **overall** utilization is below 30% — ideally below 10% — **before the statement closing date, not the due date**. The balance the bureau sees is the statement balance, not the post-payment balance. This single change is worth 20–60 FICO points in 30 days for most files we audit.

Recency beats history

If you have one 90-day late from 2022 and one perfect new card from this year, the perfect card carries more weight in most modern models. Open or rehabilitate *now*; don't wait for the old item to age off naturally.

Mix matters

Thin files get denied as fast as bad files. Two revolving + one installment is the minimum profile most prime lenders want to see. A small credit-builder loan from a CDFI or credit union — under \$1,000, 12-month term — adds the installment without meaningful risk.

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PART III · REBUILD

Personal vs. Business Credit Denials

Most entrepreneurs are denied business credit for personal reasons — and vice versa. Knowing which file killed the deal is everything.

CHAPTER EIGHT

Two Files, Two Diagnoses

Use the signals on the next page to tell which file killed the deal. Get the diagnosis wrong and you'll spend 90 days fixing the wrong thing.

Signal on the denial notice	Personal file issue	Business file issue
Cites "FICO" or "consumer report"	Yes	No
Cites "Paydex," "Intelliscore," or "SBSS"	No	Yes
Personal guarantee required and denied	Yes	Possibly
No D-U-N-S number / no business tradelines	No	Yes
Entity not in good standing with the Secretary of State	No	Yes — auto-decline
Industry NAICS code in restricted list	No	Yes
Business address shows as residential or CMRA	No	Yes

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PART III · REBUILD

Structure Mistakes That Trigger Auto-Declines

*Eight setup errors that fail underwriting before a human
ever looks at the file.*

CHAPTER NINE

The Eight Auto-Declines

Sole proprietorship applying for business credit

Most lenders require an LLC, S-Corp, or C-Corp in good standing. A sole prop applying for unsecured business credit is, in practice, a personal application.

EIN issued but never used to open a business bank account

Lenders pull bank-derived cash flow signals. A dormant EIN with no deposit history is a denial.

Residential or CMRA business address

Residential addresses, P.O. boxes, and UPS Store/CMRA addresses are flagged by most underwriting models.

Phone number not listed under the legal business name

If 411 / Listings.com / Google Business don't verify the number against the legal name, fraud filters fire.

Restricted-industry NAICS code

Gambling, adult, certain financial services, MLM, and parts of the cannabis supply chain are categorically excluded.

Entity under six months old applying for >\$25,000 unsecured

Most prime lenders require 6–24 months time-in-business for unsecured lines above \$25K.

Owner with <50% equity listed as guarantor

Most lenders require ≥51% ownership from the personal guarantor.

No D-U-N-S, no Experian Business, no Equifax Business profile

Vendor and store credit pull these files first. No file = no decision.

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PART IV · ACCESS

The 90-Day Reversal Roadmap

Five phases, ninety days, one funded outcome.

CHAPTER TEN

Ninety Days to a Yes

Phase	Window	Actions
01	Days 1–14 <i>Audit & Dispute</i>	Pull all reports. File disputes for every inaccuracy. Request reconsideration from the denying lender.
02	Days 15–30 <i>Stabilize</i>	Pay revolving balances below 30% before statement close. Request credit limit increases (soft pull only). Stop all new applications.
03	Days 31–60 <i>Rebuild</i>	Add 1–2 positive tradelines. Open or rehabilitate the business entity: EIN, dedicated bank account, business phone, D-U-N-S, NAICS, address.
04	Days 61–80 <i>Position</i>	Pull updated reports. Confirm utilization, deletions, and new tradelines have posted. Pre-qualify with 2–3 target lenders using soft pulls only.
05	Days 81–90 <i>Reapply Strategically</i>	Apply with the lender whose underwriting box you now fit best. Submit a clean package: updated PFS, YTD P&L, two years of returns, entity docs, business bank statements.

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PART IV • ACCESS

Your Denial Audit Worksheet

Run this in twenty minutes with your denial letter in one hand and this page in the other.

CHAPTER ELEVEN • WORKSHEET

Your Denial Audit

Section 1 • The Notice

- Located the adverse action notice and saved a digital copy
- Identified the credit reporting agency used (Equifax / Experian / TransUnion / business bureau)
- Listed the principal reasons for denial (write below)
- Listed the key factors / reason codes (write below)
- Noted the deadline for free report request (60 days from notice date)

Section 2 • The Files

- Pulled all three personal reports from annualcreditreport.com
- Pulled Experian Business profile
- Pulled Equifax Business profile
- Pulled Dun & Bradstreet (D-U-N-S) profile
- Highlighted every inaccurate, outdated, or duplicated item

Section 3 • The Structure

- Entity is an LLC, S-Corp, or C-Corp in good standing
- EIN is issued and used on a dedicated business bank account
- Business address is commercial — not residential or CMRA

-
- Business phone is listed under the legal name (411 / Google Business)
-
- NAICS code is accurate and not in a restricted-industry list
-
- D-U-N-S number is active

Section 4 • The Plan

- Mailed dispute letters to bureaus (certified, return receipt)
-
- Mailed direct dispute to furnisher under FCRA § 1681s-2(b)
-
- Sent reconsideration request to the denying lender
-
- Calendared the 30-day bureau response window
-
- Scheduled file re-pull at Day 35 to verify changes posted

CHAPTER TWELVE

Working With Auxano

Auxano Capital Partners helps individuals and entrepreneurs do four things, in order:

- 01 **Repair** the personal credit profile.
- 02 **Structure** the business the way underwriters expect.
- 03 **Build** the business credit file from scratch.
- 04 **Secure** personal and business funding at the right time.

READY TO REVERSE YOUR DENIAL?

Book a free 20-minute strategy call.

We'll review your denial letter, pull a soft credit snapshot, and map your fastest path to a YES.

auxanocapitalpartners.com/book

APPENDIX A

Sample Letters & Scripts

Goodwill adjustment request (one-time late)

TO THE ORIGINAL CREDITOR

Dear [Creditor],

I have been a customer in good standing since [year] and have made on-time payments on this account for [X] consecutive months. On [date] I was late due to [brief reason – illness, employer payroll error, etc.]. The balance has since been brought current and the account is once again in good standing.

I am respectfully requesting a one-time **goodwill adjustment** to remove the late payment notation from my credit reports. I would deeply appreciate your consideration.

Sincerely, [Name]

Debt validation request (collector first contact)

FDCPA § 1692G · WITHIN 30 DAYS OF FIRST CONTACT

Dear [Collector],

This letter is in response to your contact dated [date] regarding the alleged debt referenced above. I am exercising my rights under the Fair Debt Collection Practices Act (15 U.S.C. § 1692g) and request that you provide validation of this debt, including:

- (1) the amount of the debt;
- (2) the name of the original creditor;
- (3) verification or copy of the judgment, if any;
- (4) proof you are licensed to collect in my state.

Until validation is provided, please cease all collection activity and do not report this debt to any credit reporting agency.

Sincerely, [Name]

APPENDIX B

Glossary & Sources

Glossary

Adverse Action Notice. The written notice every lender must send when it denies or modifies a credit application (ECOA § 1691(d), FCRA § 1681m).

CDFI. Community Development Financial Institution. Mission-driven lenders that often issue small credit-builder loans and approve thinner files.

D-U-N-S Number. A 9-digit business identifier issued by Dun & Bradstreet. Required for many vendor accounts, government contracts, and business credit cards.

Furnisher. Any company that reports account information to a credit bureau (bank, card issuer, collector, landlord). Furnishers have direct dispute duties under FCRA § 1681s-2.

NAICS Code. North American Industry Classification System code. Some codes are categorically excluded by lenders; a wrong NAICS can trigger an auto-decline.

Paydex. Dun & Bradstreet's 0–100 business payment performance score. 80+ is considered prime.

Reconsideration. A manual, human review of a denied application after additional information is supplied. Most major card issuers maintain a reconsideration line.

Utilization. Revolving balance divided by credit limit. FICO weighs per-card and overall utilization separately.

Sources

Federal Reserve Bank of New York. *Survey of Consumer Expectations — Credit Access Survey.*

Federal Reserve Banks. *Small Business Credit Survey: Report on Employer Firms.*

Consumer Financial Protection Bureau. *Adverse Action Notice Requirements.*

Federal Trade Commission. *Fair Credit Reporting Act, 15 U.S.C. § 1681 et seq.*

Consumer Financial Protection Bureau. *Regulation B (Equal Credit Opportunity), 12 CFR Part 1002.*

Federal Trade Commission. *Fair Debt Collection Practices Act, 15 U.S.C. § 1692 et seq.*

Federal Trade Commission. *IdentityTheft.gov — Recovery Plan Process.*

This guide is for educational purposes only. It does not constitute legal, tax, or financial advice. Federal and state laws referenced here may change; consult a qualified professional for advice on your specific situation. Statistics are drawn from publicly available federal surveys and reflect general industry conditions, not guarantees of outcome.



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Where denials get reversed — and capital starts flowing.

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