

The True Cost of Bad Credit

Lifetime interest paid by credit-score band across four common consumer loans.

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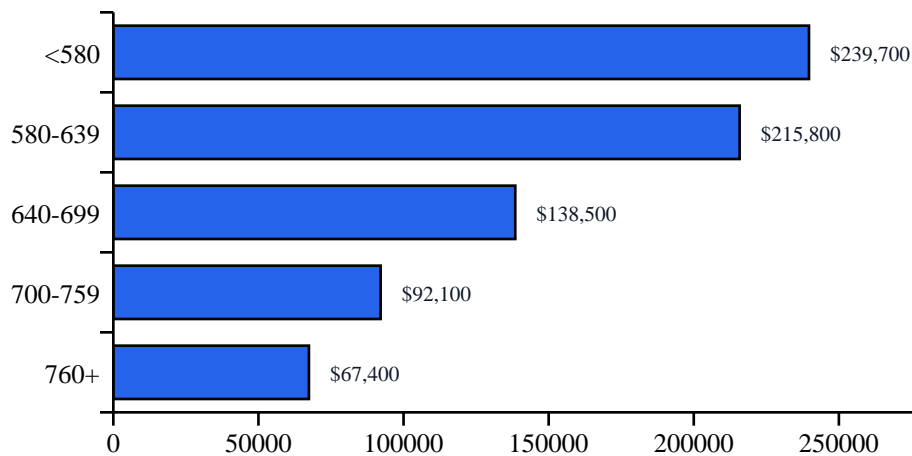
\$172,300

Extra interest paid over 30 years by a 580-score borrower vs. a 760-score borrower

Key findings

- Bad-credit borrowers pay 3.6x more mortgage interest than excellent-credit peers.
- Auto APR spreads have widened to 13 points.
- Credit-card interest is 41% of the lifetime gap.
- Moving 580 to 680 saves the average household ~\$94,400 over 30 years.

Lifetime interest paid (\$) by FICO score band



APR by credit-score band — June 2025

Product	760+	640-699	<580
30-yr mortgage	6.4%	7.2%	8.9%
60-mo auto	6.1%	11.8%	18.9%
Credit card	18.5%	24.1%	29.8%

Product	760+	640-699	<580
Personal loan	9.9%	19.8%	35.9%

What it means

- 60-point score gains usually repay credit-repair cost in 18 months.
- Refinance when score crosses a band boundary.
- Mortgage premium dominates lifetime cost.

Methodology

Modeled household with one 30-year mortgage (\$350K), three auto loans, revolving card balance, and one personal loan. APRs from Experian, MyFICO, Federal Reserve G.19, June 2025.

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