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Early in my career, I remember sitting down with a family to help them prepare for buying a home. I asked them how their credit was, and the husband replied, "Our credit is very good. The creditors aren't knocking on our door."

My first instinct was to laugh with him, until I realized that he was very serious. As I look back, I understand why he would be confused. Many of us are misinformed when it comes to credit. For starters, being in "good standing" with your lenders does not always indicate that you have good credit. What's even more surprising, having a strong credit score doesn't readily mean that you are desirable to lenders.

Confusing? Let's break it down.

Your credit report is compiled by the three credit reporting agencies: TransUnion, Equifax and Experian. Each agency collects information to produce their own report –this is why you have three separate credit reports. In general, information in each credit report includes a listing of all credit accounts (past and present), inquiries (or requests for your credit report by third parties), payment history, as well as public record (name, addresses, employment history) and collection items. Your credit score is a numeric summary — calculated by Fair Isaac Corporation (FICO) — of your credit report. Your credit score is not generated by lenders or financial institutions, however, they will use this information in determining if you are creditworthy.

While credit scores are important, they don't tell the full story. Lenders take a more holistic approach in determining if you are creditworthy that goes beyond just knowing your credit score. They consider how you've managed your finances and credit over time. For instance, your payment history might keep creditors from knocking on your door because you've consistently made payments on time. On the other hand, lenders will also look to things like debt- to-income ratio when making credit decisions. So while you may pay your bills on time, having high credit balances and other debts (in comparison to your income) can actually lead to higher interest rates or declined credit, even with a strong credit score.

Having multiple credit cards can be another misleading credit trap. Yes, a good credit score will likely get you another credit card, but do you actually need it? Even if you don't use it right away, having the "extra credit" can be tempting and can also make you appear risky to lenders because of your potential to spend and create additional debt. Or, it can indicate that you are not as selective and cautious as you should be in making credit decisions. So a wallet -full of credit cards can actually reflect irresponsibility, rather than creditworthiness.

One of the best approaches to establishing, maintaining or reestablishing good credit is to keep your debt low, regardless of your credit score. Be vigilant. Exercise sound personal financial habits. Proactively pay down debt to keep your balances low. Study your credit and debts regularly, and take measured steps to repair them if necessary.

Wells Fargo offers a variety of free, online tools that can help you on your journey toward creditworthiness and financial success. Among them is the Wells Fargo Smarter Credit Center, accessible at www.wellsfargo.com/smarter_credit/ .

Make it your practice to contact the three credit reporting agencies at least once a year. To request a free copy of your credit reports visit www.annualcreditreport.com (the report is free, but you will have to pay a fee to see your actual credit score). Use these reports to monitor your credit and to develop a debt payment plan that fits into your budget. And remember, your credit score is not impacted when you request a copy of your credit report.

More important than a credit score is your peace of mind. Paying down debt not only positively impacts your credit score but also provides a sense of self-assurance and pride knowing that each day you are a step closer to financial independence. Stress related to finances is problematic to your social, emotional and physical well being. This is why it is important to confront debt head on to begin taking control over a very important part of your life.

Yes, it’s OK to be proud of your good credit score, but don’t get caught up. Tackling debt is just as important.

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