5 ways to destroy your credit

Snapping up department store credit cards or skipping out on that parking ticket could send your credit score tumbling.

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NEW YORK (CNNMoney.com) -- Taking a wrecking ball to your credit rating is probably best likened to striking a match and burning all of the cash in your wallet.

The concept is simple: a bad credit rating means higher interest rates and ultimately less savings for you.

Your credit score, or your FICO score, ranges from the worst possible score of a 300 to a perfect 850, and is determined by such factors as paying your bills on-time, the amount of money you owe as well as the length of your credit history, according to the company Fair Isaac, which runs the scoring system.

But even if you are one of those individuals who is diligent about maintaining your good credit standing, it is still possible that with a few simple missteps you could send your credit score into a tailspin faster than you can say delinquency.

So while closing out those credit card accounts you don't use or rolling over all your outstanding debt to one card may seem like sensible moves, you might actually be killing your credit rating.

Late payments

The easiest way to lower your credit score is through delinquent payments or by skipping out on a bill altogether.

Since your payment history makes up 35 percent of your credit score, failing to make the minimum payment within 30 days of the due date could send your score plummeting, says Craig Watts, a spokesperson for Fair Isaac.

Say for example you've never missed a payment and have a credit score in the high 700s or low 800s. If you were to miss the 30-day grace period, your score could drop by 100 points or more.

"That first delinquency puts you in a different class of consumers," says Watts. "You can make up that 100 points but it will take a lot longer than it took for that score to fall."

High card balances, low FICO score

Maxing out your credit cards or pushing your account to its limit is another surefire way to bring down that FICO score, says Watts.

Experts say that consumers should aim to keep the balance on their credit card accounts no higher than 35 percent of their credit line. That means if you have $1000 credit limit on your card, try to keep the balance no higher than $350.

"The lower your debt compared to your credit limit, statistics show you are a better credit risk and that you have more self-control," says Watts.

That also means you might want to reconsider consolidating all of your credit card debt onto one account, especially if that means the new balance is close to your credit limit.

Closing credit cards

Ok, ok, we know what you're thinking: 'I've got an unhealthy number of credit cards in my wallet, I think I'll start closing those out to help my credit score.' Not so fast, warns Steven Katz, a spokesperson for TransUnion, one of the country's three major credit reporting agencies.

Since part of your score is based on the length of time certain lines of credit have been open, closing out that 10-year old credit card could take a bite out of your credit score.

"It's negative because it's taking away a reference to a positive credit history," says Katz.

And if you are trying to trim down your debt by hopping from one low-interest rate offer to the next, closing cards along the way, Katz warns that kind of behavior could send a message to future potential lenders that you might be a credit risk.

Too many in-store cards

It's always a temptation at the checkout line, but signing up for a Home Depot, Macy's or any in-store credit card just to get a 10 percent or 15 percent discount may work against your FICO score.

Even if you vow to promptly pay them off, opening up several of these accounts in succession could spell trouble for your score because opening multiple lines of credit in short period of time is considered abnormal behavior by credit agencies, according to Fair Isaac, and it suggests that you might be more of a credit risk.

Fines that add up

A $30 library fine or a $75 parking ticket. Who cares, right? Well, that could be changing, says Watts.

More often nowadays, municipal governments are turning outstanding fines over to collection agencies, who have the ability to trash your credit rating if you don't pay up. Watts says that if a collection agency reports you were not able to pay that overdue library fees or parking ticket, that could drop your credit rating by 100 points or more.

"That will hammer your score," says Watts. "Make good on that bill because you don't know who is or who is not reporting to collection agencies."

And while you may think you can't be bothered with those petty fines now, just imagine how much more they'll end up costing you if the collection agency mangles your credit score and you end up with a higher interest rate on that 30-year mortgage.

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