

Your credit record

Your credit record is important. By obtaining it you will get a thorough breakdown of your credit commitments, allowing you to stay in control of your finances, and even find out if you have been a victim of identity fraud. It is also an important source of information which lenders use when they consider an application for credit.

When lenders assess credit applications they will refer to the information that you have provided on your application form, check your history of making repayments - if you have been a customer previously - and consult your credit record.

Typically, between forty and fifty percent of all applications for credit cards are rejected, so it makes good sense to understand what information

is used to make lending decisions; what you can do to protect your credit record; and how you can ensure that the information held about you is correct.

This guide answers some of the key questions you might have. It also explains why it is so important to complete application forms for credit with care, and provides you with contact details for useful organisations.



Tips for handling problems

- If you have been turned down for credit, check to find out why. Consult the lender first. The Banking Code requires them to tell you the core reason for turning down your application. You may also want to check with the UK's three credit reference agencies, as information from one or more of the agencies may have been a factor. The information held by each agency can vary, so it is advisable to check all three reports.
- If you think that any information on your report is wrong, you should contact the credit reference agency concerned, explaining why it is incorrect and ask for it to be corrected.
- It is possible to add notes to your credit record, for example if you feel that the circumstances relating to certain arrears data need to be explained.

Credit reference agencies



You can contact any or all of the three credit reference agencies, Experian, Equifax and Callcredit to ask for a copy of your credit record at any time.

There is a statutory fee of just £2 for each report. Regular online reports are also available at an additional cost. The information held by each agency can vary so it is advisable to check all three. We recommend you check the details of your record with each agency annually. Not only is this a good way of ensuring that the information held about you is correct, but it can also provide peace of mind that you have not been a victim of identity theft.

The following section details and explains some of the types of information, held by the credit reference agencies, that you will find on your credit report.

Credit accounts (such as mortgages, personal loans, credit and store cards) Credit reference agencies store records detailing the lender, the type of credit, the details of the agreements and how well you have kept up with your payments. Other information that can be held includes whether you

have raised a query on your record - this is when you question any of the information recorded.

Typically on the report, you will see that for each credit agreement there is a code next to each month. This denotes whether you have paid on time, such as meeting the minimum repayment in the context of a credit card, or whether your account is in arrears. Lenders assess this information when they receive credit applications. The reference codes used in your report are explained in the supplementary notes that accompany your report.

For credit cards, lenders are beginning to share 'behavioural data'. This type of information will give lenders a better indication of whether customers are sensibly managing their credit cards, thus helping lenders make better informed and responsible lending decisions. It will allow lenders to identify, as early as possible, those customers who are at risk of getting into financial difficulty.

Public Information

Other information found on your credit report includes County Court Judgements (CCJ's), Bankruptcies (or Sequestrations in Scotland), Bankruptcy Restriction Orders and any Voluntary Arrangements that may have been made with your creditors. For any CCJ and Bankruptcy, you will find details on your report relating to the court name, case number, the date of the order and its status, i.e. whether the conditions of the arrangement have been met.

Other credit applications

Credit reference agencies hold 'search' records, sometimes known as 'footprints'. These reveal the names of companies that have looked at your report, as well as the date of the application. These searches will be visible to you and to lenders. Some lenders may decide not to offer credit to those who have a high number of searches recorded on their report, as it could imply that the applicant is being rejected by other lenders. You should therefore ask the lender to register a 'quotation search' if you are simply 'shopping around' to assess the best available deals.

Keeping your credit record healthy - Top Tips

- Always try to make your payments on time. If you think you are unable to do this, contact your lender as soon as possible. This will ensure that they are aware of your circumstances and they will be able to offer an appropriate solution.
- If you have paid a County Court Judgement, make sure it is now shown as 'settled' or 'satisfied'.
- If a Bankruptcy Order has ended, or been withdrawn, make sure that this is now recorded.
- Make sure you check your credit report with each of the three credit reference agencies at least annually. If any information is incorrect, contact the agency concerned and ask for it to be corrected.
- Try not to make multiple applications for credit in a short period, as this may lead to some lenders refusing you credit.
- Consider cancelling credit cards that you no longer use.
- Always complete applications for credit accurately and honestly, as lenders match the details on application forms with those held on your credit record.
- Make sure that you are registered on the Electoral Register.

Electoral Register

Lenders look at the Electoral Register to check that you are registered as living at the address you have stated on your application form. This can help prevent fraud and money laundering.

Housing status

Lenders will have access to data showing whether your house has been repossessed or surrendered - important information in ensuring that lenders provide subsequent credit responsibly.

Gone Away Information Network (GAIN)

If an individual has moved away without settling their debts, and without providing any lender with a forwarding address, this will be stated on your credit record.

Questions and answers

Q Why do lenders undertake credit checks?

A When you apply for credit, the company will want to make sure you can afford the commitment you are taking on. This supports the industry's commitment to responsible lending.

Q What is my credit score/rating?

A Your credit score/rating will be calculated by your lender to assess your credit worthiness. Different lenders and credit reference agencies may use different criteria, so whilst a credit reference agency may provide you with their credit rating, it may not be the same that a lender will use. This

is why you may be rejected for credit by one lender, but accepted by another.

Q What is a credit blacklist?

A There is no such thing. Your credit record only contains factual information. If you have been refused credit you should contact the lender concerned to find out why. Different lenders may make decisions based on different criteria.

Q Can anyone search my credit report?

A No. Searches can only be made with your permission. You will be notified through a consent clause on your application form, or verbally if you are applying over the phone.

Q How can I find out why my application for credit was turned down?

A Contact your lender. The Banking Code requires them to provide you with the main reason for turning down an application.

Q How safe is my information?

A Lenders and the credit reference agencies comply with the strict requirements of the Data Protection Act 1998.

Q What information is stored about me?

A Most people have some type of credit agreement, e.g. a credit card, loan, mortgage or even mobile phone account.

The vast majority of lenders share information on credit agreements through the UK's credit reference agencies. Every time you apply for new credit, this information is used to assess your current credit commitments and to see how well you've managed credit previously.

Additionally, if you are linked to anyone else, such as through a mortgage, or joint bank account, lenders will be able to see their data and any applications that they make for credit. This process of 'association' is explained within the leaflets that accompany your credit file.

Identity fraud

If you believe that you have been a victim of identity fraud you should contact each of the credit reference agencies and keep copies of any correspondence. You may be advised to report the theft to the police. You can get further advice and guidance from www.identitytheft.org.uk.

Tips to avoid identity fraud

- Store your statements, receipts and documents that contain information relating to your financial affairs safely. Ensure that you destroy, or preferably shred them when you dispose of them.
- Don't share personal information unless you are entirely confident you know who you are dealing with.

- Carefully check bank and card statements as soon as they arrive. If you find any unfamiliar transactions, contact your bank or card company immediately.
- Get your post redirected if you move house. The Royal Mail offers a redirection service.

If you have been a victim of identity fraud, you may want to consider contacting CIFAS - the UK's Fraud Prevention Service, to apply for protective registration. Once you have registered, CIFAS members will carry out extra checks whenever anyone applies for a financial service using your address. CIFAS can be contacted at www.cifas.org.uk

Useful contacts

Credit reference agencies

Experian

PO Box 8000
Nottingham NG80 7WF
0844 481 8000
www.experian.co.uk

Equifax

Credit File Advice Centre
PO Box 1140
Bradford BD1 5US
0870 010 0583
www.equifax.co.uk

Callcredit

Consumer Services Team
PO Box 491
Leeds LS3 1WZ
0870 060 1414
www.callcredit.plc.uk

If you are struggling with keeping up repayments, contact your lender or a debt advice service, such as the Consumer Credit Counselling Service or the National Debtline.

Consumer Credit Counselling Service

Wade House, Merrion Centre
Leeds LS2 8NG
www.cccs.co.uk
0800 138 1111

National Debtline

Tricorn House, 51-53 Hagley Road,
Edgbaston, Birmingham B16 8TP
www.nationaldebtline.co.uk
0800 808 4000