

CREDIT REPORTS & CREDIT SCORING

When you apply for a loan or other form of credit, most lenders and credit providers will use a 'credit scoring' system to decide whether to approve or decline your application. They will score your application based on a wide range of factors. They may also get a copy of your credit report from a credit reference agency, and use this to help them make a decision.

WHAT INFORMATION IS IN MY CREDIT REPORT?

Your credit report lists all applications you have made for credit, details of any credit facilities you have, and a summary of your payment history.

This information is given to credit reference agencies by lenders and other credit providers. They must have your permission to pass this information to the credit reference agencies, or they will be in breach of the Data Protection Act (1998). They normally get your permission as part of the credit application process.

WHAT IF MY APPLICATION IS DECLINED?

If you apply for a loan or credit and your application is declined, you can ask the lender or credit provider why they have refused you – but they aren't legally required to give you a reason. However, if they have done a credit search and used your credit report as part of their decision making process, they must tell you the name of the credit reference agency they got your credit report from.

If you think their decision to decline your application is unjustified, you can ask the lender or credit provider to review it, but instances of lenders or credit providers changing their decision following a review are few and far between.

You can also contact the relevant credit reference agency to request a copy of your credit report – see below for instructions on how to do this.

CAN I BE 'BLACKLISTED' FOR CREDIT?

No – there is no such thing as a 'credit blacklist'. Your credit report only contains factual information about your credit history. Credit reference agencies do not make any judgments or recommendations to lenders or credit providers.

SHOULD I APPLY ELSEWHERE?

All lenders and credit providers use their own credit scoring systems and approval criteria, so you could easily be refused by one company and then approved by another.

Note: When you apply for a loan or credit, any credit search undertaken by the lender or credit provider will be recorded on your credit history. This will not show whether you have been approved or declined for credit. But if you submit a few applications in quick succession, this could make future lenders wary of approving your application – perhaps because they think you’ve either just taken out lots of new credit elsewhere, or you’ve been reviewed and declined by these other providers.

HOW CAN I GET HOLD OF A COPY OF MY CREDIT REPORT?

Under Section 7 of the Data Protection Act (1998), you have a right to see the information held on file about you by the credit reference agencies. However, as long as it is accurate, you can’t stop them from using it and disclosing it to lenders and credit providers.

To request a copy of your statutory credit report, you should apply to the three main credit reference agencies (see below), enclosing a cheque or postal order for £2.00. You can also apply and make your payment online.

You’ll need to give them as much information as possible to help them trace all the information they hold about you, including your full name (and any previous names you have used), your date of birth, your current address, and any other addresses you have lived at during the last 6 years.

You should receive a copy of your statutory credit report within 7 working days*. It should come with full instructions on how to correct any genuine mistakes that appear on the report. Basically, you can ask the credit reference agency to put a ‘notice of correction’ on your credit file. This is a short explanation written by you to correct any inaccurate or misleading information.

The credit reference agency should also include guidelines to help you understand your credit report. For more information, visit www.moneyadviceservice.org.uk and search for ‘credit report’.

DOES THE INFORMATION STAY ON MY CREDIT HISTORY FOR EVER?

No. Most information will be removed after 6 years.

However, if you have a Bankruptcy Restriction Order or a Debt Relief Restriction Order lasting longer than 6 years, they won’t be removed until the restrictions come to an end.

IVAs are normally removed 6 years after the date the IVA was set up. If the IVA lasts longer than six years, it will stay on your credit history until the date the IVA ends.

County Court Judgments (CCJs) stay on your credit history for 6 years from the judgment date.

CREDIT REFERENCE AGENCIES

Here are contact details for each of the three main credit reference agencies:

CALL CREDIT

Website: www.callcredit.co.uk

Tel: 0845 366 0071

Post: Call Credit,

1 Park Lane,

Leeds

LS3 1EP

EXPERIAN

Website: www.experian.co.uk

Tel: 0344 481 0800 or 0800 013 88 88

Post: Experian Credit Expert,

PO Box 7710,

Nottingham

NG80 7WE

EQUIFAX

Website: www.equifax.co.uk

Tel: 0843 455 0136

Post: Equifax PLC,

Capital House,

25 Chapel Street,

London

NW1 5DS

'CREDIT REPAIR' COMPANIES

A number of organisations advertise that they can help you to 'repair' your credit rating, for example by removing County Court Judgments (CCJs) from your credit history.

Many of these companies charge high fees, and they can't do anything that you can't easily do yourself – for example, checking your credit report and applying to the credit reference agencies to correct any genuine inaccuracies. And some of these companies have also been prosecuted in the past for encouraging customers to use illegal methods to hide or erase information from their credit history. You can get further information at www.ico.org.uk – 'Credit Explained'.

For further information on Credit History & Credit Scoring, please contact your local **Citizens Advice Bureau (CAB)**.

*If you don't receive your statutory credit report within 7 days – or you don't receive a response to any subsequent queries within 28 days – and you wish to complain, you can contact the Financial Ombudsman Service – visit their website at www.financial-ombudsman.org.uk, or call: **0800 023 4567** or **0300 123 9123**.