

MONTHLY QE STAFF ADVICE BULLETIN

ISSUE 9: MONEY MATTERS – CREDIT REFERENCES

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Entering a credit agreement is a part of everyday life, especially if you're renting a property, but being refused credit due to a 'poor' credit rating can be both problematic and extremely concerning for whoever's involved. So we've created this quick guide to help you know what might have happened and, more importantly, what you might be able to do about it.

What is a Credit Reference Agency?

Credit reference agencies are organisations that hold information about your financial arrangements and share that information with lenders when you apply for credit. This information is passed to them by your lender or landlord, but only with your consent, which is usually given when you sign an agreement with that lender or landlord. The main credit agencies are TransUnion, Equifax, and Experian.

There are some myths about credit reference agencies, the main one being that they decide whether you can receive credit – they do not, that is done by the lender. Similarly, they do not 'blacklist' people from getting credit.

Their function is to provide information to someone considering giving you credit on your financial history so that they can make that judgement using a credit scoring system.

What's a Credit Score?

A credit score is generated when a lender is considering offering you credit. It is not just based on the information provided by a credit reference agency, but can also consider your age, occupation, whether you are on the electoral register, your status as a homeowner and any records the lender has from previous transactions with them if they exist.

These factors are allocated points, and these form your credit score, which is then compared against a 'pass level' that determines whether the lender will offer you credit.

What can I do if I'm refused credit?

If you are refused credit, you might be confused about the reason. It can feel disempowering, especially if you feel that your finances are stable. Remember, there are things you can do to find out more. Your Citizens Advice Gateshead team will be able to guide you toward the right questions and the right decisions.

You can ask what sort of system was used; a computerised one or a manual decision, and why you failed? You can also ask the credit reference agencies used by the lender for a copy of your credit information. Remember that this information is free due to the Data Protection Act 2018. The agency will need some information from you – including your previous addresses for the last six years – and may take up to seven days to be delivered to you.

If there is incorrect information held with the credit reference agency, you can ask for it to be removed or corrected. You can also take action to add information, such as joining the electoral register. This may allow you to ask the lender to reconsider your application, either through another automatic check, or through a manual decision.

What information is kept on a credit report?

Understanding the information that is kept about you can help you to identify the areas that may be reducing your access to credit. Almost all of these will remain on your credit reference for six years. This information includes:

- Missed payments and credit agreement defaults
- County court and high court judgements
- Bankruptcy and administration orders
- Settled accounts
- Debt relief orders (DROs) and individual voluntary arrangements (IVAs)
- Old mortgage-style student loans
- Liability orders for unpaid child maintenance
- Mortgage and secured loan debt with no payment arrangement in place

Sources of support

Citizens Advice consumer helpline Phone: 0808 223 1133

www.citizensadvice.org.uk

National Debtline Phone: 0808 808 4000 www.nationaldebtline.org

Credit Reference Agency Details

Equifax Plc Customer Service Centre PO Box 10036, Leicester, LE3 4FS Phone: 0800 014 2955 www.equifax.co.uk

Experian Ltd Consumer Help Service PO Box 9000, Nottingham, NG80 7WF Phone: 0800 013 8888 www.experian.co.uk

TransUnion TransUnion Consumer Services Team PO Box 491, Leeds, LS3 1WZ Phone: 0330 024 7574 www.transunion.co.uk

Free Online Credit Reports

ClearScore Phone: 0207 582 8212 www.clearscore.com

Credit Karma www.creditkarma.co.uk

Money Saving Expert Credit Club www.moneysavingexpert.com/creditclub

Whether you need to talk about information around credit, managing debts, or you need support in finding out about your credit references, please get in touch with your Citizens Advice Gateshead team for impartial advice, information, and guidance.

Email qestaffswa@citizensadvicegateshead.org.uk or call 0191 490 4231 and we'll be back in touch with you within 1 working day Monday to Friday.