



THE UK INSOLVENCY HELPLINE

CREDIT REFERENCE AGENCIES

FACT SHEET 5

WHAT IS A CREDIT REFERENCE AGENCY?

Credit reference agencies hold information about your credit agreements (including any arrears), county court judgments (CCJs) and the electoral roll. A lender can only pass on information about your credit agreements with your consent. You usually give this consent when you sign the credit agreement. Failure to obtain your consent is a breach of the Data Protection Act.

County court judgments will automatically be registered and are kept on record for a period of 6 years.

Credit reference agencies provide factual information with your consent, so that a company can make a decision about whether to lend you money. They do not have a "blacklist" of people who should not be given credit.

CREDIT SCORING

When being considered for credit a lender may also take into account factors such as your age, occupation and whether you are a homeowner. This is known as credit scoring. They will also take in to account whether you are on the electoral register.

This may be an important part of the lender deciding whether to give you credit.

ELECTORAL ROLL

From 16/2/01 you can apply to go on the electoral register at any time of the year. Contact your local council for further assistance. You should make sure you fill in the electoral registration form sent out in September or contact your local council if you move at any point in the year.

The lender may give points to each piece of information they have and then add them up to give you a credit score. If you do not score above the particular company's pass level then you may well be turned down. The score might take into account the credit reference information. Each lender has their own policy guidelines which they follow when making lending decisions.

Every time you apply for credit a "search" by the lender is marked on your credit file. Searches stay on your file for different times depending which credit reference agency was used. Experian hold search entries for 12 months, Equifax and Callcredit for 24 months.

Ask the lender if they are using a credit score to decide whether to give you credit. If the company uses a computerised system you should be given broad information about how credit scoring works and the type of things they have taken into account in the scoring system for that company.

If you are turned down they should tell you if you didn't "pass". They should also tell you if you were turned down for any other reason, for example, because of the information held on your credit file.

If the decision was made solely using a computerised scoring system you can ask the lender to look at your application again. This review should be done manually and not using an automatic system. You may have to supply extra information to support your application.

WHAT DO I DO IF I HAVE BEEN REFUSED CREDIT?

If you have been refused credit, then you should ask the lender which credit reference agency was consulted and whether the credit reference agency's information was the reason for the decision. You can contact this agency and ask for a copy of your credit file under the Data Protection Act 1998. This costs £2.00 by letter or over the internet and £2.50 by telephone. They will require your full name, signature, current address, date of birth and any previous addresses that you have lived at for the past 6 years. Your file should be sent to you within 7 working days. If the information is incorrect then you have a right to ask the agency to remove or correct the information.

There are now 3 main credit reference agencies called, Experian, Equifax and Callcredit plc. You should check information held by all these agencies as some information may be different. For how to contact each credit reference agency see below.

The Information Commission publishes a booklet called "Credit Explained". If you have not yet had a copy ☎phone us for advice.

These are the contact details for the three agencies:

Experian Ltd
Consumer Help Service
PO Box 8000
Nottingham NG80 7WF
Tel: 0870 241 6212
www.experian.co.uk
(you can order your credit file on the internet or by telephone).

Equifax plc
Credit File Advice Centre
PO Box 1140
Bradford BD1 5US
Tel: 0870 010 0583
www.equifax.co.uk
(you can order your credit file on the internet).

Callcredit plc
Consumer Services Team
PO Box 491
Leeds LS1 5XX
Tel: 0870 060 1414
www.callcredit.plc.uk
(you can order your credit file on the internet).

CAN I APPEAL AGAINST A LENDER REFUSING ME CREDIT?

Unfortunately, there is no automatic right to credit. Some companies are beginning to provide details as to why you have been turned down which can help you establish the reasons. If credit scoring was used then the company should give you broad reasons for refusing you credit. Also you may be able to ask for a manual decision if the initial decision was made by computer. See the section on "credit scoring". However, you are still only legally entitled to receive the name of the specific credit reference agency the lender consulted.

You can always contact the company again if you have corrected your credit reference file of any errors and ask them to look at your application again. Otherwise it may be a case of shopping around for credit, making sure you are very careful to check the interest rates and terms of any loan.

Be careful: every time you make an actual application for credit a "search" will show up on your credit file. It can work against you if lots of searches show up on your file. Searches are held on file for 12 months by Experian and 24 months by Equifax and Callcredit.

CAN I ASK FOR INFORMATION TO BE REMOVED FROM MY FILE?

The agency will leave the information on your file for at least 6 years. Information held by agencies includes:

- Credit accounts “in default”. These details are deleted after 6 years from the date of default.
- Settled accounts: these are deleted 6 years from the date the account is settled or when the last payment is made unless a “default” was registered.

This should mean that even if you settle a debt nearly 6 years after a default, the debt will be removed from your file 6 years from the date you defaulted.

- **Bankruptcy orders.** These are deleted 6 years from the date of the bankruptcy order. Your credit file details can be changed to show the date your bankruptcy order ended. You can send a “Certificate of Discharge” from bankruptcy to the credit reference agencies, but there is a fee payable to the court for the certificate.
- **Individual voluntary arrangements (IVAs).** These are deleted 6 years from the date the IVA was set up. You can ask for your credit file details to be changed to show the date the IVA was completed.
- **County court judgments.** These are deleted after 6 years from the date of the judgment.
- **Administration orders.** These are deleted after 6 years from the date of the order.
- **High Court judgments.** This information will be held by credit reference agencies from April 2006.

Details on magistrates’ court fines, or council tax/community charge debts are not kept by the credit reference agencies. This may change in the near future. 📞 **Phone us for advice.**

You do not have the right to have information removed if it is correct. From November 2004, the only electoral roll information that will appear on your file will be your own details even if other people are registered on the electoral roll at the same address.

NOTICE OF CORRECTION

You can ask the credit reference agency to put a notice on your file of up to 200 words explaining why you got into debt or why you think information on your file is misleading. You may want to explain your financial circumstances at the time and why your situation is now different. This notice will then be seen by anyone reading your file such as a lender doing a search of your credit file when you apply for credit.

Most credit decisions are made by automatic means (i.e. computer). If there is a notice of correction on your file, your application must be referred for a manual decision (i.e. a person will decide whether or not you can get credit).

CAN DETAILS OF OTHER PEOPLE BE INCLUDED ON MY FILE?

Credit reference agencies should not include information about other people who happen to live with you, even if you share a surname *unless* a financial connection has been created. This means other people’s credit details should not affect your credit rating.

From November 2004 your credit reference file will only include:

- Financial information about you
- The name of anyone you have a financial connection with at your address (but not any financial information about that person)

The date and source of the financial connection.

This means that your financial details will no longer appear on anyone else's credit file. Your file will continue to show you who has accessed your details and when this happened.

You will be treated as having a financial connection to someone else where a lender tells the credit reference agency:

- You have made an application for credit in joint names
- A bank account has been opened in joint names
- You tell the credit reference agency that you are financially linked to someone else.

This will continue until you file a notice of disassociation to end the financial connection between you. See the section on "disassociation notices".

Credit files will also include a "linked addresses" section from details of any previous addresses that you provide when applying for a copy of your file.

DISASSOCIATION NOTICES

There may be information on your file about people you have no financial connection with or no longer share a financial connection with you (e.g. an ex-partner). You can write to the agency to "disassociate" yourself from them explaining your reasons. You will need to fill in a form giving details about the people you want removed from your file. Make sure you contact all the credit reference agencies to ask them to create a disassociation as they will not share the information between them. If the agency refuses to accept your notice you can ask the Information (Data Protection) Commissioner for help. The address is:

The Office of the Information Commissioner
Complaints Dept
Wycliffe House
Water Lane
Wilmslow
Cheshire SK9 5AF
Tel: 01625 545 745
www.informationcommissioner.gov.uk

REGISTER OF COUNTY COURT JUDGMENTS

If you are not sure whether you have any county court judgments or whether the judgments have been registered you can make a search against your name and address. Almost all county court judgments are registered at The Registry of County Court Judgments.

The address is:

Registry Trust Ltd
173-175 Cleveland Street
London
W1T 6QR
Tel: 020 7380 0133 (general enquiries)
www.registry-trust.org.uk

There is a fee of £4.50 for a postal search of the register for each name and address searched.

PAYING THE JUDGMENT OFF

If your county court judgment has been fully paid, you can ask the county court in which the judgment was made to provide you with a "Certificate of Satisfaction". There is a fee payable of £15.00 (from 10 January 2006) for this and you will need to provide evidence to the court that the full balance, including costs, has been paid (usually this would be a receipt from the company that took you to court). Once a certificate of satisfaction has been issued the court will then send it to the Registry Trust who will automatically mark your entry on the register as satisfied.

This will then be passed on to the credit reference agencies. The judgment will still stay on the register for 6 years from the date of the judgment. If in the meantime you have obtained a certificate of satisfaction this will also be shown on file.

The entry will only be removed **if**:

- you pay off the debt within one month of your county court judgment being entered on the register;

or

- the judgment is “set aside” by the court. This is only possible in very limited circumstances such as if you did not know about the judgment because you did not receive the court papers. We have a factsheet on “Setting aside a judgment in the county court”. ☎ **Phone us for advice.**

CAN CREDIT REPAIR COMPANIES HELP ME?

You may have heard of companies that offer to clear your credit record with credit reference agencies to allow you to apply for more credit. **BE CAREFUL: you may be paying a company for something you can do yourself.**

Credit repair companies charge fees and usually send you an information pack telling you how to get a copy of your credit reference file and how to clear county court judgments. You need to be very careful before paying a fee to a commercial company who suggest they can remove judgments for you. If you apply to the county court to set aside a judgment and you do not have a real reason to do so then you could be in trouble with the court.

We understand that the Office of Fair Trading and many local trading standards departments are investigating credit repair companies. If you are not happy with a credit repair company complain to the local trading standards department in your local council.

You can also check out a website set up by representatives from trading standards, the credit industry and credit reference agencies which gives more information on credit repair companies and what to watch out for. The address is:
www.ukcreditrepair.co.uk

MORTGAGE POSSESSIONS REGISTER

WHAT IS THE MORTGAGE POSSESSIONS REGISTER?

The Council of Mortgage Lenders keeps a register of people who have been repossessed or who have handed in the keys on their home. The information is passed on to the credit reference agencies, Experian, Equifax and Callcredit and appear on your credit reference file. The information is only available to members to the Council of Mortgage Lenders and the register may be checked if you apply for a new mortgage.

The aim is to stop people taking out a new mortgage without telling their new lender they have previously lost their homes. It is not necessarily impossible to get a mortgage if you are on the register but it may be more difficult, especially if you still owe money to your previous lender.

You may have to shop around for a mortgage and be prepared to explain why you lost your home and how your circumstances have now changed. Every mortgage company has its own lending policy and should make decisions on an individual basis, taking all the facts into account.

WHAT DETAILS WILL BE KEPT ABOUT ME?

The register will have details of anyone who has been repossessed since 1989 and the information will stay on the credit reference agencies files for 6 years from the date of repossession or when you handed the keys in to the lender. The register does not include details of actual arrears on the account.

Warning: this does not mean the debt is written off after 6 years. Mortgage lenders may try and recover a mortgage shortfall for up to 12 years.

Details will include:

- your full name
- the date actual possession was taken of your home
- the address of the repossessed property
- any previous address they may have for you
- your forwarding or current address.

This will only apply once you have actually left your home. If you are still in your home you will not be on the register just because you already have a court order against you.

HOW DO I CHECK WHAT THE REGISTER SAYS ABOUT ME?

The mortgage possession register information will be on your credit file. You can order a copy of your credit file in the normal way to see if any mortgage information is included.

For information on how to check what the credit reference agencies say about you see "*Credit Explained*" a booklet published by The Information Commissioner. This is available from The UK Insolvency Helpline or directly from The Information Commissioner. It describes how to check what your file says and what to do next if you think the information is wrong.

☎ Phone us for advice.

WHAT CAN I DO IF THE INFORMATION ON THE REGISTER IS WRONG?

You have the right to ask credit reference agencies for full details of the information they hold about you. If the information is wrong then you can correct the file.

You do not have the right to have a correct entry removed but the file should be marked "satisfied" if you pay the outstanding arrears/shortfall or if the proceeds from the sale of your house covers any outstanding debt. We have a factsheet on "*Mortgage shortfalls*" which may help you. **☎ Phone us for advice.**

REMEMBER: You can always contact us for advice about any difficulty you have in dealing with your debts.

Freephone: 0800 074 6918

Website: www.insolvencyhelpline.org

© Copyright Money Advice Trust (updated January 2006)

Whilst we endeavour to keep our factsheets as up to date as possible, The UK Insolvency Helpline cannot be held responsible for changes in legislation or for developments in case law since this edition of the factsheet was issued.