

Your credit report - Information you must know



You'd be surprised by how many people only learn about their bad credit rating when they apply for their first home loan. Even worse, many people don't even realise they have a credit score!

While best practice is to routinely check your credit rating to make sure nothing is amiss, at the very least, you should be aware of it before you apply for a large loan.

Who has my credit files and how do they access my information?

The files are kept by credit agencies such as Equifax, which is the largest agency that tracks consumer credit. You may know it by former names such as Baycorp, Veda or CRAA.

These agencies collect information provided by lenders whenever loan applications are made or defaulted. This allows lenders to check your credit, regardless of whether you have dealt with them before. For the last few years now, they also track the last 2 years repayment history on all loans and credit cards.

If you are concerned that credit information agencies know everything about you, don't worry. Privacy laws ensure that information collected about you strictly pertains to your financial activity. Such as:

Your basic personal details, like name, contact information and address

- Any credit or loan applications made in the past five years
- Your current credit or loans application and accounts
- Your credit or loan payment history, and when the accounts were opened or closed
- Any defaults that have been ongoing for 60 days or more
- Whether or not your outstanding defaults have been resolved
- Court judgements
- Serious credit infringements
- Whether you have filed for bankruptcy

Can I access my credit file to ensure it is accurate?

There are various online sites that you can apply to to get your credit file. When you review your file, if you find a mistake you can petition the credit agency for an amendment. Just be prepared to prove the mistake, as the agency will expect verification before they remove it.

Will a few missed loan repayments from a few years back affect me now?

Yes, any negative mark on your credit file within the last five years will affect your borrowing power now. However, if you are aware of it in advance, you can explain yourself to your lender and they may be willing to overlook the poor record.

Bear in mind, lenders look for patterns, not just defaults. For instance, if you opened several personal loans at once, this could indicate that you suffered financial stress and used credit to get out of it. Even if you made repayments, this can be taken as a worrying sign.

As more and more of our information is stored on online devices, identity theft is a growing threat. A stranger who breaches your online security could max out your credit card, or a family member could borrow money in your name without you knowing. By checking your credit history regularly, you can be aware of any suspicious entries you don't recognise.