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How to build an excellent credit score

It's all about how financially attractive you are . . .

Many people are not aware that their credit is rating scored out of a thousand by major lenders. This score will not only influence the lenders decision of a loan, but also the loan percentage rates. Most people do not know that they can have access to this information as often as they want.

From a lenders perspective, credit score reflects your reliability, risk profile and financial discipline.

It is very important that you ensure you have a good credit score if you intend on taking out future loans or mortgages.

There are several agencies you can obtain your credit score from for a small fee. We use Credit Expert. You will need to set up a £7.99 per month subscription to enable you to view your report. The first month is free, so after you have viewed your report, you can cancel the subscription, at no cost to you. How to cancel; Simple, call 0800 6569000 and press option 4.

www.creditexpert.co.uk www.equifax.com www.callcredit.co.uk

Here are some tips on building a good credit score –

- **What to check?** – Check everything! One mistake can be a hammer-blow to credit applications. Debts listed correctly? Any inaccuracies on payments? Present and past address details?
- **Electoral role** – If you are not on the roll, it's unlikely you will get any credit, so sign up immediately - www.aboutmyvote.co.uk you will need to print the form, sign it and post it back as proof of signature is needed. If you are a foreign national, send credit agencies proof of residency and ask them to add a note to verify this.
- **Credit Card** – One of the best ways to build a good credit rating is by getting the right sort of credit card. You must operate it perfectly (ie never miss a payment; always stay within your limit). You can either build up a good credit history from scratch or remedy a tarnished one. If you get refused, it could be that you just don't fit that particular card company's customer profile. Try elsewhere.

www.moneysupermarket.co.uk

- **Borrowings** - Records are kept of your total borrowing - mortgages, loans, credit cards etc. Also how often your credit cards are used. It is a good idea to use your

credit cards and pay the balance off at the end of the month. This demonstrates that you are a sensible borrower. Never max out your cards.

- **Applications** – Every time you apply for a loan, a 'footprint' is left on your report. Too many footprints have a negative impact, so limit your applications to a minimum. These would stay on your report for six years and expire automatically. If you are just getting a quote for a loan, ask for a 'quotation search' not a 'credit search', as this does not have such an impact on your score.
- **CCJ's** – County Court Judgements and Individual Voluntary Arrangements also stay on your records for six years. Avoid at all costs! Challenge anything that is not 100% accurate.
- **Mortgage problems** - The council of mortgage lenders report on repossessions. An entry on your file would mean that further checks would have to be made to verify your viability for lending. At the very least this will cause delays.
- **Change of address** – Moving house can disrupt a score, so it is a good idea to make applications pre-move. Failure to keep your existing lender informed of your movements can also have a negative impact on future lending decisions.
- **Note of Correction** – If you consider there are incorrect or misleading entries on your file, you have the right, under the consumer act 1974, to add a 'Notice of Correction'. This can be up to 200 words. You may also make a complaint to the information commissioner www.ico.gov.uk . Be concise and factual.
- **Joint Accounts** – Marrying or living with someone with a bad credit history won't impact your score. But, if you are financially linked it can have an impact. Even joint bills can mean you are co-scored. If you split up with someone, always write to the credit agencies and ask for a 'notice of disassociation'.
- **Stability** – Homeowners, rather than renters, and employed rather than self employed, tend to get accepted easier. Being with the same employer, bank and current address for a while is beneficial. Putting a landline number rather than a mobile on an application form will improve your chances.
- **Pay on time!** - We have saved the best and most obvious for last – always try to keep to at least the minimum repayment plan for your financial products! If you intend on applying for a mortgage in the near future, forget about trips to the pub and weekends away – pay your debts.

There is nothing more frustrating than discovering that, after all the work you put in to finding your dream home; you are being refused a mortgage because of a 'forgotten' card payment! Setting up direct debits should ensure that you always pay on time.

If you do get refused, immediately check that the files are correct. If you go on to make more searches without rectifying mistakes in your file, you could do long lasting damage to your credit score.

What banks will know – The application form information, past dealings with the company, credit reference agency files, electoral role information, court records, previous search data, and fraud data.

What they don't know – Parking or driving fines, race, colour, religion, if you have checked your file, salary, savings accounts, medical history, criminal record, CSA, Student loans(some), declined applications (they can only see if you have applied elsewhere) and missed payments over 6 years old.

We hope this report has been useful.

If we can be of any further assistance, fill out our [contact form](#) or call us.



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