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# INFORMATION SHEET

## Improving your credit rating

### Introduction

Credit, loans and mortgages can now be harder to come by than ever before and people who are refused credit often have no idea why they have been turned down.

You might think credit information held about you is sensitive information and that you aren't able to see it – but there's nothing secret about it!

You have the legitimate right to see records held about you and to question their accuracy.

Whenever you apply for credit – a loan, overdraft, credit card or mortgage – the lender will check out your financial history - through a credit reference agency.

They are able to obtain information about how much money you've borrowed previously, who you've borrowed it from and whether or not you've paid it back on time and regularly.

This information about you is used by companies to create your '*credit rating*'.

A high credit score gets you the best deals and best interest rates - making borrowing cheaper.

But a low score means you get the worst deals - so paying money back costs you more.

But the good news is, you don't have to be stuck with the credit rating you've been given forever.

You can improve your credit rating – here's how!

First, you need to get a copy of your personal file.

There are three main credit reference agencies in the UK – Equifax, Experian and Callcredit.

You can request a copy of your personal file for just £2 from any of these companies (but you do have to pay £2 per company if you want to check what each of the companies has on file about you).

You can request your credit history through their websites:

**Equifax**

<http://www.equifax.co.uk>

**Experian**

<http://www.experian.co.uk/>

**Callcredit**

<http://www.callcredit.co.uk/>

You've got your credit file – now what do you do?

- ◆ Check for mistakes. If you disagree with anything held on your file - write to all three agencies (Equifax, Experian and Callcredit) and inform why you disagree with the information they hold and request that it be changed accordingly.

- ◆ Make sure you're registered on the electoral roll at your current address.
- ◆ Ensure all your utility bills and bank statements match that address. The agencies use this information to check your identity, so if you move house and forget to register, it could look suspicious. Plus if you pay your bills on time and they don't match your address, your regular payments may not help to improve your credit score.
- ◆ Cancel any credit agreements you're not using. All credit agreements, whether in use or not, count against your credit score. So, an easy way to boost your rating is to cancel any agreements you're not using.
- ◆ Be upfront about your missed repayments. If you've not been able to keep up repayments because of illness or temporary unemployment, for example, write to the agencies and ask them to put a note on your file explaining why the payments were missed.
- ◆ Remember, the point of a credit score is to be able to show that you can pay back money that you owe, so if you've never borrowed money, you will also have a low score.
- ◆ To change or improve your credit report, contact all three agencies mentioned above.
- ◆ Once they've processed the information, you can expect it to take around a month for your file to be updated. Once that's done, you could find yourself getting better deals on your borrowing.

**Whatever your credit rating, giving it a regular health check at least once a year is always a good idea to ensure you never pay more for credit than you have to.**