



# Getting to Grips With Your Credit Report and Score

How your credit information can  
help you achieve your goals





# Your credit profile is key to **making life happen**

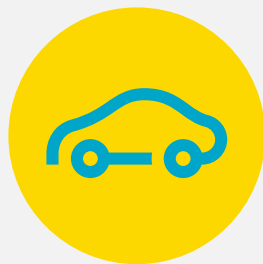
Think of your credit report and score as a financial passport, a financial MOT or even a financial health check. It plays an important part in life – from enabling everyday purchases to helping you achieve life goals, such as:



**Getting a  
mobile phone  
contract**



**Paying for  
a holiday**



**Buying  
a new car**



**Setting  
foot in your  
first home**

If you're reading this, chances are you have questions about your credit report and score. You might not even know what your credit score is or where to find it. Don't worry, you're not alone. In this guide, we aim to answer your questions and help you understand more.



# Debunking the myths around credit reports and scores

There are many myths about credit reports and scores, and we want to set the record straight.

## **Myth 1**

### **There's a credit blacklist**

There's no such thing. Credit reports are factual. Finance providers have their own policies when it comes to extending credit, and your credit information is just one factor when they make decisions.

## **Myth 2**

### **Credit reference agencies decide who gets credit**

Only the finance provider can decide which customers to offer credit to. Credit reference agencies just provide some of the information lenders use when making the decision, but each finance provider has their own individual lending policies.

## **Myth 3**

### **Being refused credit damages your credit score**

A finance provider won't tell credit reference agencies whether they've accepted or refused you credit. This doesn't show on your credit report. However, you should avoid making multiple credit applications in a short period of time, as this can have an impact.

## **Myth 4**

### **Previous relationships affect your credit score**

Someone else's credit history can only affect your credit applications if you previously made a financial connection by having a joint agreement. If you had a financial association with a former partner or spouse but no longer share any joint accounts or financial connections, you can formally disassociate yourself so their financial behaviour cannot impact yours.

## **Myth 5**

### **Checking your credit score multiple times will damage it**

Not true. You can check your credit score as often as you like with no impact on your score. So, no excuses! Time to get familiar with your credit report.

## **How to check your credit report and score**

You can request a free statutory copy of your credit file from all UK credit reference agencies. This will provide a snapshot of your credit profile at that time. To monitor your score and report regularly, you can sign up for one of the many free online services available. You can view your TransUnion credit report and score with: **Credit Karma**, **MoneySuperMarket**, or **TotallyMoney**.

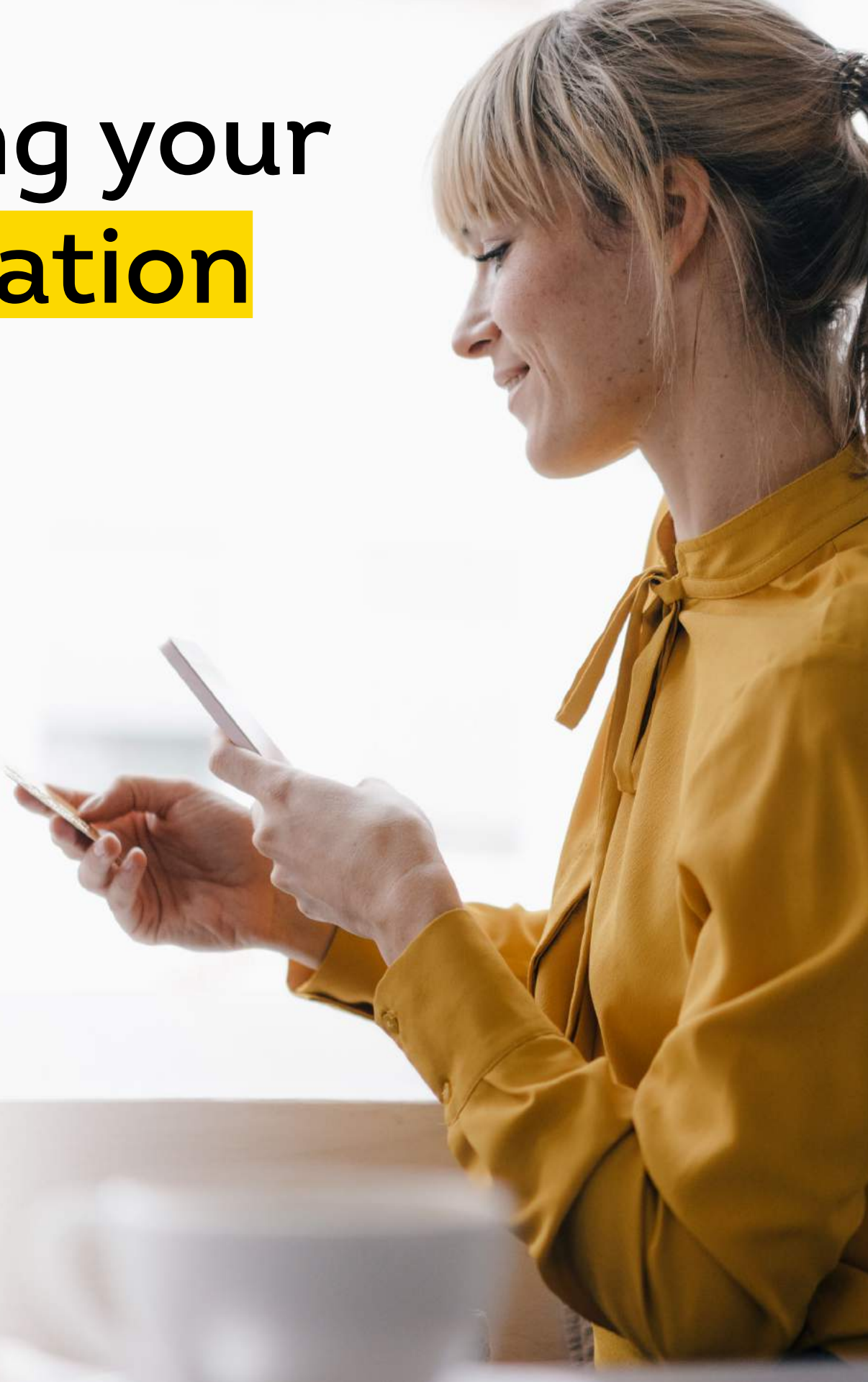
Note that your credit score won't be the same with all credit reference agencies, as each has its own scoring system and may hold different information about you.





# Understanding your credit information

Many key decisions you make in life will be impacted by your credit report and score. In our research across the UK, we found the majority of people don't know how their credit score is used, and almost half hadn't checked it in over a year.\* The aim of this guide is to give you a greater understanding of your credit report and score and what it means for you.



## What is my credit report and how is my score calculated?

Your **credit report** contains your credit history: a record of repayment of debts and your financial standing. This can include things like your monthly credit card payments and mobile phone contract payments.

A **credit score** is created using a set of rules which take information from your credit report. It can help finance providers assess your creditworthiness when they're reviewing an application for finance.

It's important to note there are different types of credit scores which can be created by the credit reference agency, lender or other organisations providing credit.

Your credit report and score are used to help credit providers determine how much credit they're able to extend. This helps ensure finance providers don't lend more than you can afford to pay back. It helps protect you whilst enabling access to finance.

However, this is just one of the factors used by the lender. A high credit score doesn't mean you'll be eligible for any product you apply for. Similarly, a low score doesn't mean you cannot obtain credit. There are different products and finance providers to suit different needs.

For more details read the industry guide:

**Understanding your credit information and how lenders use it**

# The power of your credit report and score

Your credit report and score have the power to unlock opportunities. We know from our research there's a great deal of uncertainty when it comes to understanding the impacts of your credit report and score. These two elements help paint a picture for lenders regarding your history of managing credit.

Your credit report and score ultimately help protect both you and the finance provider. If lenders aren't able to fully assess your creditworthiness and ability to repay money borrowed, it may prevent you from getting the right product and lead to financial difficulties.

Credit information plays a key role in giving lenders confidence in offering you the credit you need. It's important to remember your credit report is constantly evolving, and you can take steps to improve your credit score over time if needed.

Credit scores provide millions of consumers with a yardstick of their borrowing behaviour and help monitor progress toward financial goals. Being in control of your credit profile helps you access everyday finance, as well as the funding for major life purchases – such as a holiday, car or home.



“Credit plays an important role in our lives, with many relying on credit to help make some of life’s most important purchases. We know there’s a lack of understanding about credit reports and scores and as one of the UK’s leading credit reference agencies, we want to play our part in helping to change that.

“Here at TransUnion, we see your credit report and score as a financial passport that unlocks your potential to make the best financial decisions and helps you achieve your goals.”

**Kelli Fielding, managing director of consumer interactive at TransUnion in the UK**





# Taking control of your credit profile

Many people don't understand the potential power of their credit report and score and therefore can't take full advantage of the positive impact it can have.

For example, we found a surprising number of consumers didn't know applying for a mortgage involves a credit check. Knowing how your credit report and score are used can put you in the driver's seat when it comes to applying for finance – helping you achieve your goals.

It can also help you make informed decisions when applying for and selecting financial products best suited to your needs, such as a loan or credit card.

Our research\*\* has found people who self-monitor their credit score are more likely to open a new credit product, and many experience an increase in their score after taking control of their credit information. Over a fifth of those surveyed said their credit score has helped them achieve a life goal like buying a new house.

It's not just about finance though. Your credit report can help you monitor for identity fraud, as this might be one of the first places you spot potential signs of someone trying to use your identity in a scam.

It can also be used for identity checks by businesses; from online gambling companies wanting to ensure you're over 18 to rental property agents vetting tenants on behalf of landlords. These checks use information from your credit file – although businesses will only see information relevant to their requirements.





# What happens if my credit report is incorrect?

Credit reference agencies (CRAs) such as TransUnion collect the majority of information in a credit report from credit providers. You should check your credit report regularly to help identify any mistakes.

If you have concerns about information contained in your credit report, you can either contact the finance provider it relates to directly, or contact the CRA and it will take the following action:

**1** The CRA adds a 'notice of dispute.' This temporary marker highlights particular information being investigated.

**2** Within 28 days, the CRA will investigate your query with the appropriate organisations and report back their findings.

**3** If the investigation concludes your credit report is wrong, the information in question will be changed or removed.

**4** If the lender states the data is accurate, the CRA will remove the 'notice of dispute' and the information will remain.

**5** However, if you still believe the data is inaccurate, you can complain directly to the lender and add a 'notice of correction' to your credit report giving your explanation.

**6** If after raising your complaint, you're not satisfied with the lender's response, you can also refer your complaint to the [Financial Ombudsman Service](#) or the [Information Commissioner's Office](#).



# Our five key tips for building a stronger credit score

1

Make sure you're on the electoral register and update this if you move house.

2

Pay bills on time or early if possible. We all know the pressures at the end of the month, but making sure bills are paid on time is vital in protecting your credit score.

3

Avoid keeping a high balance on your credit card. If you do have a high balance, ensure regular monthly payments are made and try to pay more than the minimum payment.

4

Don't make multiple applications for credit in a short space of time. Whilst many credit searches (such as those used for comparison websites) won't affect your score, a credit application involves a full credit check, leaving a footprint visible to other lenders. Seeing multiple applications over a short period can suggest financial difficulties and could impact your score.

5

Close down any unused credit cards and cancel old agreements; checking your credit report regularly so you know it's up to date.



If you have any questions about your credit report and score or need assistance regarding the contents of this guide, please refer to the following:

- > [TransUnion](#)
- > [Financial Ombudsman](#)
- > [Information Commissioner's Office](#)
- > [Action Fraud](#)
- > [Cifas](#)

If you're worried about your finances, you can contact the charity [StepChange](#)

