



GUIDANCE ABOUT YOUR CREDIT HISTORY

Your credit history can also be known as your financial CV. Finding time to monitor your credit score is vital if you are keen to preserve or improve your credit score. The importance of credit history has become paramount in recent years not only if you are searching for credit but also if you are:

- Looking to open a basic bank account
- Looking to get insurance
- Looking to get a permanent job
- Looking to start a business
- Looking to get accredited from a professional body
- Looking to rent a property
- Looking to buy a property
- Looking for a telephone contract
- Looking to get a good deal on your utility bills etc.

Having a good credit score can help you qualify for the best interest rates and terms when you borrow money as well as influencing how much you pay for life insurance. If you live in rented accommodation and look to move house, landlords will look at your credit score before proceeding with the agreement. When checking your credit score, you will be able to see a list of specific factors that could be affecting your rating, focusing on these factors is the best way to start improving your credit score.

Your credit history comprises of following:

1. Personal Information Section
 - a. Electoral Information
 - b. Link Addresses and Previous Addresses
 - c. Financial Associations
 - d. Credit Searches
 - e. Gone Away Information
 - f. Alias
2. Public Information Section
 - a. County Court Judgments
 - b. Court / Administration Orders
 - c. Insolvency Details (IVA / DRO etc)
 - d. Bankruptcy Information
3. Credit Information Section
 - a. Over Drafts
 - b. Credit Cards
 - c. Personal Loans
 - d. Hire Purchase



- e. Telephone Contracts
- f. Utility Accounts

Any adverse information in personal, public and credit information section has an impact on your credit score. However the gravity of unfavorable record on public and credit information section is higher than the same in personal information section.

FACTORS BEHIND YOUR CREDIT SCORE

The calculation behind your credit score is complex and the more you learn about how the reports and scores work the better control you can take over your finances. Here are some important facts to know about credit scores:

- Your credit score will be influenced by a number of factors which include the pattern of payments you have made to credit cards and loans over a period of time, the frequency in which you apply for credit and the amount of credit you have.
- Any negative information on your credit report can lower your score and will remain on your report for a set amount of time. For example, if you make a late payment, that will stay on your credit file for at least six years.
- Even if you were to pay off the debt it will still stay on your file for this period. Having an outstanding amount on your credit card each month will not help to build your credit rating, you can pay off your balance each month and that will have a positive impact on your score.
- Settling your accounts for less than the amount you owe can be harmful on your credit score. However, the negative impact of a settlement is less than the negative impact of not paying debts or declaring yourself bankrupt.

HERE ARE OUR OTHER TOP TIPS TO IMPROVE YOUR CREDIT SCORE

- **Get on Electoral:** Getting on the electoral role will improve your credit score because it is a good way for credit reference agencies to check you are who you say you are and confirm where you live. It is important to always ensure if you have moved house that you update your address with the electoral role.
- **Disassociate with Financial Partners:** If in the past you have taken out a joint bank account or a joint mortgage, you become 'financially linked' to the person you have taken it out with and therefore if they have a poor credit rating, it could impact yours too. If you have split up with your partner, husband or wife or if the financial product is no longer joint, inform the credit reference agencies of your disassociation to stop any current or possible future impact on your credit score.
- **Space-out Credit Applications:** Every time a credit search is made by a lender the credit reference agency will be notified. If you do intend to apply for credit, be aware that the more searches carried out within a short space of time, the less likely you are to be accepted and your credit score could be affected.
- **Close the Unused Accounts:** The amount of credit you have access to can sometimes affect your credit score as well as the actual debt you owe. If you have any unused store cards, mobile contracts and credit cards that you don't use anymore, contact the provider and request that the account is closed.



- **Set Direct Debits:** Stay up to date with your payments, make your payments on time – set up direct debits so you can't forget to make the payments. This includes your household bill payments such as gas and electricity and water too so check your payment dates are set up correctly.
- **Payoff Your Debts:** It is better for your credit file if you can pay off your debts rather than balance transfers. It is also beneficial if you can pay off more than just the minimum payment

HOW TO CHECK YOUR CREDIT SCORE FOR FREE

There are a number of companies now offering free credit reports, a couple of the most popular are listed below, you will need to ensure you have all your personal details to hand when registering with them including previous addresses:

- Noddle
- Clear Score

STRUGGLING WITH PROBLEM DEBT

If you find you need some help with **problem debt**, get in touch. There a range of solutions depending on whether you are salaried or self employed or you are a director or shareholder of a limited company. Should you enter into a debt solution with us, fees will apply. If you would like our team to call you, please use our contact form on our website.