

Credit Reports

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CASE STUDY

Tarik has a personal loan with Big Bank. Recently, while planning for a dream honeymoon holiday, Tarik applies to 10 different lenders for credit cards but does not sign up for any of them. He then applies for a credit card with Big Bank, but Big Bank rejects his application. Tarik does not understand why, as he has never missed a payment to Big Bank before. Tarik calls CCLS for advice on Big Bank's rejection. CCLS advises Tarik to request a free copy of his credit report. Tarik sees from his credit report that every one of his 10 credit card applications appears as a credit enquiry, even though they did not eventuate into loans. CCLS advises Tarik that the 10 enquiries may paint him as a less creditworthy borrower. That may explain Big Bank's rejection.



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What is a credit report?

You have a credit report if you previously applied for credit. Your credit report contains information which credit providers (banks, telcos, utility companies) use to decide if they should extend credit to you.

What information is listed on a credit report?

A credit report contains **personal details** (including your residential address and employment information) and **public record information** (including court judgments and bankruptcy information).

Most importantly, your credit report contains your **credit information** for example:

- credit applications made in the past five years, including the type of credit and amount.
- overdue or defaulted credit accounts.
- repayment history information, including any late payments or defaults.
- current credit contracts e.g., credit card or home loan.

Who can list information on your credit report?

Banks, other financial institutions, telcos, and utility companies can list information on

your credit report.

How far back does my credit history go?

Different types of information stays on your credit report for different periods of time. Any default information and any record of payment of the default stays on your credit report for five years. Your repayment history information stays for two years.

Who is allowed to access my credit report?

The *Privacy Act 1988*, restricts who can access your credit report and under what circumstances. Generally, your credit report can only be accessed by credit providers (or debt collectors acting as agent for the credit provider), potential credit providers from whom you have applied for credit, mortgage insurers and the credit reporting agencies. They must also be member of AFCA so you can make a complaint, if necessary. Credit providers must ask for your consent to view your credit report (you usually consent to this access as part of your loan application).

Common myths about credit reports:

Myth: My credit report will show a default or black mark if I pay my bills late

Fact: Payments over 14 days late may be recorded as 'late payments'. These are less serious than defaults but are not 'black marks' against your name. These 'late payments' can only be recorded for consumer credit products such as credit cards, personal loans, and mortgages but not for telco or utilities accounts. A 'default' can only be recorded for a payment which is 60 days overdue and over \$150.

Myth: I don't need to check my credit report if I pay my accounts on time.

Fact: It is worthwhile checking your credit report annually to make sure there are no errors and that you have not been a victim of identity theft.

Myth: I need to pay someone professional to fix or repair my credit report.

Fact: You can get free help from credit reporting agencies, your credit-provider, C C L S and financial counsellors. Paid services, commonly called credit repair companies, cannot do more than what you, CCLS or a financial counsellor can do at no cost.

How can you get a copy of your credit report?

You are entitled to one free copy of your credit report every three months.

You are also entitled to receive another free credit report if your credit information has been corrected or if you have been denied credit. To receive this, request a free copy of your credit report within 90 days of your application being declined.

For a copy of your credit report, fill out the online forms at the following websites. Equifax is Australia's leading credit reporting agency.

Be aware that if you request your credit report, your current contact details will then become available to any lenders, creditors or debt collectors who check your report.

Credit Reporting Agencies:

- Equifax
<http://www.mycreditfile.com.au/home/free-credit-file.dot>
- Illion
<https://www.checkyourcredit.com.au/>
- Experian
<http://www.experian.com.au/order-credit-report>

For further information contact/review

Consumer Credit Legal Service

Website: www.cclswa.org.au

Advice line: (08) 9221 7066

National Debt Helpline

Website: www.ndh.org.au

Phone: 1800 007 007

ASIC MoneySmart

Website: <https://www.moneysmart.gov.au/borrowing-and-credit/borrowing-basics/credit-reports>