



CREDIT REPORTS

Disclaimer: Consumer Credit Legal Service (WA) Inc. produced this information as a general guide only. The information is not legal advice. You may ring us on (08) 9221 7066 for more help.

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 CCLSWA for advice on Big Bank's rejection. CCLSWA 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 is listed on his credit report. So Tarik's credit report shows 10 consecutive credit enquiries, which did not eventuate into loans. CCLSWA advises Tarik that the 10 enquiries may paint him as a less creditworthy borrower. That may explain Big Bank's rejection.

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.

To see a sample credit report, check out:

<https://www.moneysmart.gov.au/media/499937/credit-report-sample.pdf>

What information is listed on a credit report?

A credit report contains **personal details** (including your driver's license number, residential addresses and employment information) and **public record information** (including court judgments, court writs and bankruptcy information).

Most importantly, your credit report contains your **credit information** e.g.

- Your credit applications made in the past five (5) years, including the type of credit and amount;
- Your overdue or defaulted credit accounts;
- Your repayment history information, including any late payments or defaults; and
- Your 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 stay 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 (5) years. Your repayment history information stays for two (2) years.

Who is allowed to access my credit report?

The Privacy Act restricts who can access your credit report and under what circumstances. Generally your credit report can only be accessed by credit providers from whom you have applied for credit.

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 and financial counsellors. Paid services, commonly called credit repair companies, cannot do more than what you 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 year.

You are also entitled to receive another free credit report if you show that you were refused credit in the last three (3) months. For a copy of your credit report, fill out the online forms at the following websites. Equifax is Australia's leading credit reporting agency.

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

For further information contact or check out:

Consumer Credit Legal Service (WA) Inc.
Website: www.cclswa.org.au
Advice line number: (08) 9221 7066

National Debt Helpline
Website: www.ndh.org.au
Telephone number: 1800 007 007

ASIC's Moneysmart page
<https://www.moneysmart.gov.au/borrowing-and-credit/borrowing-basics/credit-reports>