

File and error

Why it's vital to check your credit report regularly; practical tips on dealing with credit reference agencies; and how to improve your credit score

Only a third of Which? members have ever checked their credit files. Of these, 16% found a mistake, ranging from minor spelling errors to cards that had been cancelled years ago and even fraudsters using their identity.

Robert Wills of Southwark, London, cancelled a mobile phone contract within the terms of his deal, but the company failed to update its records. He only discovered the subsequent damage to his credit rating when he was later declined a credit card.

When Kate Thomas of Dunbar was turned down for a charge card, she checked her credit file. A mistake by the issuer of a previous card meant that it

still incorrectly showed an outstanding balance, even though she had cancelled it 18 months earlier.

Peter Rimmer of Southport found that someone with the same surname had fraudulently obtained a mobile phone contract using his address. When the mobile company mistakenly added the fraudster's name to Mr Rimmer's credit file, he contacted the credit reference agency (CRA) and had the entry corrected.

Each of these cases showed up on the individuals' credit files, which just goes to show that checking your file regularly can help detect problems early and potentially save you significant expense and inconvenience.

ONLINE
Find 10 easy ways to beat identity fraud and learn more about scams at
www.which.co.uk/identityfraud

If you've ever applied for a mortgage, credit card or mobile phone contract, chances are that the company checked your creditworthiness with a CRA.

There are three CRAs in the UK: Callcredit, Equifax and Experian. They are licensed by the Office of Fair Trading and hold information about your borrowing and repayment track record, court judgments and whether you're on the electoral register.

Lenders use these details to help them decide if you're a good credit risk and what interest rate to offer you. Errors on your files could be damaging your financial reputation and costing you money, so it's important to check your reports regularly.



NO FIXED ADDRESS

Keith Davey 48, eye surgeon

Keith Davey, from Marsden near Huddersfield, applied for a mobile phone contract with 3, but later was shocked to discover that he'd failed its credit check. Keith told us: 'I should have a good credit history, so I tried to find out why.'

Keith contacted Experian and was told that there is a 'problem with some rural addresses' like his – Keith's home doesn't have a street name. He discovered that his bank accounts and credit cards showed 18 slightly different variations of his address. He said: 'Although some were minor variants, it meant searches of my credit file did not show active accounts and credit cards that had good ratings. It looked like I had little or no credit history.'

Keith is still unsure whether his details are correct, but his credit file does look healthier than before. And, after paying a cash deposit, he did eventually get his phone.

PHOTOGRAPHY: NIGEL HILLIER, NIGEL GREENSTREET, JUPITER IMAGES, ALAMY, JOHN TRENHOLM

Your questions answered

Our quick and easy guide to credit files tells you everything you need to know, including how to rectify mistakes



Q Do I need to get my credit file from all three CRAs?

A Yes. Of Which? members who have ordered their file, 77% said they used Experian, 32% used Equifax and only 6% used Callcredit.

Lenders supply CRAs with information on their customers and, in return, can run checks on people applying for credit (but only with their permission). However, not all lenders share information with all three CRAs. A mistake or record of fraud could appear on just one file, so it's important to check all three.

We recommend getting copies of your credit reports at least once a year. In our survey, only 36% of those who have ever ordered their credit report currently do this.

Q How can I get a copy of my credit file?

A Each CRA is legally obliged to provide consumers with their statutory credit report for no more than £2. You can order your statutory Equifax and Experian reports directly via their websites. Callcredit's website has a form to print off and post.

You can also order your credit file by writing to each CRA, giving your name, date of birth and your addresses for the past six years. Enclose a cheque for £2 each. Experian allows you to order your file by phone, although there is an extra £1.50 admin charge.

Q What do you think about other products from the CRAs?

A We think the £2 statutory report is sufficient for most consumers. However, each agency also offers a range of products, including unlimited online access to your credit file from that agency for a monthly fee of between £4 and £7.50. Other services may include an estimated credit score, emails when there are changes to your file, and telephone and email support.



CRAs often offer a free trial of their premium service. If you decide to sign up, make sure you cancel within the trial period if you don't want to pay each month.

Q Why can't I find the statutory report on the CRAs' websites?

A We asked eight Which? staff to find the £2 statutory report on the CRAs' websites and they struggled, too, feeling that they were led towards the more expensive monthly subscription options.

Callcredit has a direct link to the statutory report in the middle of its home page, but make sure you click on 'Complete the application form'. Equifax includes a link to the statutory report at the very bottom of its home page, but the text is very small. Experian mentions the £2 report on its home page, but the link leads to a consumer advice page, from which you can access the application form.

We feel it is too easy to sign up for the monthly service by accident, so make sure you look for the phrase 'statutory report'. To be sure of getting your £2 report, order it by post.

Q How do I set about correcting mistakes on my credit file?

A Ask the CRA to correct it – this service is free (see 'Contacts', p16, for addresses and phone numbers).

Alternatively, you can contact the lender yourself.

Under a scheme launched earlier this year, victims of identity fraud now

need contact only one CRA, which will notify the other two.

If an item on your file is factually correct but you feel it needs explaining, you can ask the CRA to add a notice of correction of up to 200 words to your file. This doesn't remove the entry but does allow you to explain, for example, why you missed a payment or incurred a county court judgment.

Q Who decides whether I am accepted for credit?

A Credit reference agencies provide lenders with the information they hold. They do not provide a credit score, nor do they make lending decisions. There is no central credit blacklist – lenders apply their own criteria to the data and decide whether to lend.

Your credit rating is not affected by previous occupants at your address or by family members, unless you have a financial link with that person (eg a joint credit card or mortgage).



Q Do quotes and applications for credit affect my credit rating?

A When a lender asks for a copy of your file, it leaves behind a 'footprint'.

Your credit file does not record whether your application was successful, so making a lot of applications in a short period could look like you're being turned down by other lenders.

If you're just shopping around, ask the lender to record a 'quotation search' as these won't damage your credit rating.



Improve your score

We explain how you can boost your credit rating



DOs

- **Be proactive** Check your credit file regularly, particularly before applying for credit.
- **Fix mistakes** Amend any errors as soon as you spot them.
- **Get registered** Make sure you're on the electoral register.
- **Stay in the black** Keep up with repayments. If you're struggling, contact your lender or a debt advice service such as National Debtline or the Consumer Credit Counselling Service (see 'Contacts', below).
- **Lighten your wallet** Cancel credit cards you no longer use.
- **Pay your debts** Pay off any court judgments immediately. If you pay off judgments within a month, they can be removed from your credit file. Otherwise they'll be on there for six years.

DON'Ts

- **Third parties** Don't use credit repair companies that claim to repair your credit for a fee. Any mistakes on your file can be corrected free of charge by you and the CRA itself.
- **Zero credit** Not having loans or a credit card could affect your rating, as you have no history of making regular repayments. If you have an established relationship with your bank, consider applying for credit, but check that the deal is competitive.
- **Too good to be true** Be wary of credit cards that claim to rebuild your rating. While making payments on time will improve your reputation with lenders, an APR of up to 40% could mean your debts spiral if you don't pay off your bill every month.



A SATISFIED CUSTOMER

Alan Pear 80, retired

Alan Pear from Rotherham found that his £2 statutory report contained all the information he needed.

Alan had asked his bank to amend details on his credit file and rang Experian to obtain his statutory report. Although ordering the report by phone costs £3.50, Alan was impressed.

He said: 'A few days later a four-page report arrived by post. It was beautifully and logically set out and was accompanied by a 20-page booklet in lucid English showing how to interpret the information provided.'

As the incorrect entry was still on his file, Alan asked his bank to correct the error and wrote to Experian for confirmation. He told us: 'Within days I received all the information I had requested and an updated copy of the data held by Experian. There was no extra charge for this.'

Which? online Banking and borrowing

If you've found this report useful, why not visit the money advice pages on our website? At www.which.co.uk/advice/yourmoney you'll find a wealth of practical guides on a range of topics, from

choosing a credit card to finding the best ways to borrow and challenging unfair loan charges.

Our advice is unbiased, and our aim is to help you make sure your money works harder for you.



WHICH? BOOK OFFER

Managing Your Debt

'Credit card cheques allow you to pay bills without dipping into your current account, but they offer a bad deal that is best avoided...'

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jargon-free advice on taking control of your money. To buy your copy at £9.99 with free P&P (normal price £10.99), call 01903 828557 and quote MDW1108.



OUR RESEARCH

Between 24 June and 4 July 2008 we asked Which? online panel members questions about whether they had used a credit reference agency. Thank you to the 1,984 who took part.

Contacts

Callcredit Consumer Services Team

PO Box 491, Leeds LS3 1WZ
0870 060 1414
www.callcredit.co.uk

Equifax Credit File Advice Centre

PO Box 1140, Bradford BD1 5US
0870 010 0583
www.equifax.co.uk

Experian Consumer Help Service

PO Box 8000,

Nottingham NG80 7WF
0844 481 8000

www.experian.co.uk

OTHER CONTACTS

Consumer Credit Counselling Service
0800 138 1111
www.cccs.co.uk

National Debtline

0808 808 4000
www.nationaldebtline.co.uk