

**Criss Vita**

# How To Obtain Your Credit File and Repair Credit Problems

The finance you need **The car you want**



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by Criss Vita



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# 1.0 Introduction



Whenever you try to obtain credit the company that are potentially going to lend you money will always check your credit file. What they find on your credit file will be the details that make up your credit rating and ultimately determine whether or not they will offer you the credit line that you are applying for.

When you have a good credit file you will often have a wider choice of where you wish to obtain credit from. When you make an application you will be highly likely to be accepted without any issues. However, if you have a credit file that has a history of negative issues such as miss-payments, defaults, CCJs and other problems, it can be hard to know what to do next. Each month at Creditplus we have customers that struggle to obtain credit for a car. We know from our own customers experience that it can be distressing to find out that your credit file has issues, some of which you may not even be aware of.

We have created this guide to aid anyone who is struggling to obtain credit to start the journey of repairing their credit file. All of the key information you need is included in this one report. There is no need to go off and use an independent company that will charge a small fortune while making false promises about how they will improve your credit file.

Within this guide we will provide you with vital information such as:

- Where to obtain copies of your credit file (including sample letters)
- How much your credit file will cost
- How to understand your credit file
- What counts as positive and negative points on your credit file
- What you can do to improve your credit profile
- How to clean your profile so it accurately represents your credit history
- How credit scoring works and which areas hold the most weight
- Many frequently asked question about credit ratings

Did you know... **You can improve your credit rating**

## 2.0 How to Get Copies Of Your Credit File



It can be difficult to understand your credit file and to make sure everything within your file is correct. This can become even more difficult when you miss payments or other negative issues appear on the report. This guide has been created to ensure that you can quickly navigate your way through the potential minefield of credit, credit files and credit scores.

The most important thing that you need to know is what is in your credit file and how you can improve it if needs be. To do this you need to obtain a copy of your file, which you are legally entitled to. These credit files are held by credit reference agencies, and the main agencies are called Equifax, Experian and CallCredit. The great news is that it only costs £2 to receive a copy of your report, and the money simply covers the cost of the paperwork and administration from each agency.

These agencies will not give you this information over the phone, so you need to write a letter to receive a copy of your file. This document should quote your full forename and surname, your date of birth and (this is very important) full addresses for everywhere you have lived in the last six years (addresses must include your postcodes). If you have forgotten any of your addresses the Royal Mail website has a useful postcode finder tool which can help you which you can find on their website ([www.royalmail.co.uk](http://www.royalmail.co.uk)). Write the letter (the template example can be found on the next page) and include a postal order or a cheque for £2 (made payable to the company you're writing to). Your credit file should arrive shortly after.

Did you know... **You can obtain a free copy of your credit rating**

Alternatively, you can apply and even view your file online if you like, which can save a lot of time. You need all the same information, however you simply need to visit the following web pages:

<http://www.equifax.co.uk/Products/credit/statutory-report.html#>

<http://www.experian.co.uk/consumer/statutory-report.html>

<https://www.callcredit.co.uk/stat-report-online/>

If you are married, it is recommended that you send separate documents and you will need to pay separately as well. This is recommended because it may still be possible that one of you has bad / inaccurate information on their file, whereas the other may still have a good credit profile and be able to obtain credit at a good level!



**2.1 Here are the addresses of the respective agencies:**

**Experian Ltd,  
PO BOX 8000,  
Nottingham  
NG1 5GX**

For convenience, you can also apply online at:  
[www.experian.co.uk/consumer/orderPaperReport.html](http://www.experian.co.uk/consumer/orderPaperReport.html)

**Equifax PLC,  
Credit File Advice Centre,  
Box 1140,  
Bradford  
BD1 5US**

Their website can be found at:  
[www.equifax.co.uk](http://www.equifax.co.uk)

**Consumer Services  
Callcredit Limited  
PO Box 491  
Leeds  
LS3 1WZ**

Callcredit's website can be found at:  
[www.callcredit.co.uk](http://www.callcredit.co.uk)

Did you know... **We have provided sample letters in this report**



## 2.2 SAMPLE LETTER

YOUR NAME  
YOUR ADDRESS  
TOWN  
COUNTY  
POSTCODE

Experian Ltd,  
PO BOX 8000,  
Nottingham  
NG1 5GX

To whom it may concern,

Under Section 158(1) of the Consumer Credit Act 1974, I am writing to request a statutory copy of my credit file. To cover these costs, please find enclosed a postal order for £2.00.

My name is FORENAME (MIDDLE NAME) SURNAME and my date of birth is the 00th MONTH YEAR. My current address and all my addresses for the last six years are below:

ADDRESS ONE, TOWN, POSTCODE – May 2011 to Present  
ADDRESS TWO, TOWN, POSTCODE – May 2010 to May 2012  
ADDRESS THREE, TOWN, POSTCODE – May 2005 to May 2010

Yours Faithfully,  
YOUR NAME

Whenever you request credit, be it from a high-street shop, a loan company or credit card company, they will run a credit check with one or more credit agencies that hold your credit information.

Please Note: Every UK resident over the age of 16 years will have a credit file. This credit file is completely legal and can not be opted out of. The credit file will hold information about your credit history. This information will then be used to determine whether credit will be offered and the rate of interest.

Depending on the company you have applied to for credit and the information about your previous credit history, there may be times when your credit request is rejected. In this case, it is possible to ask the company to release information on which agency issued the credit information to them. In the UK, the agency that has been checked would generally either be Equifax, Experian or CallCredit.

If you would like to know which Credit Agency has been contacted when you made an application for finance, the company that you approached to borrow money from legally has to tell you which agency they checked with. Below is a sample letter that you can use to contact a company to identify the credit agency which your records have been checked against:

Did you know... **You can not opt out of having a credit file**

SAMPLE LETTER:

Dear (COMPANY NAME)

Under Section 157 of the Consumer Credit Act 1974, I am writing to request the name and address of any credit reference agency which has issued you information about me. I request that you reply within the next seven working days upon receipt of this letter.

Yours Faithfully

YOUR NAME

Usually the main credit agencies will hold the same or very similar information as each other. They also regularly share their information to ensure that all credit agencies offer the best possible level of detail about the credit history of an individual. There is a possibility, however, that their files will not match, due to them holding different databases. Building societies, banks and other finance houses are also offered a similar service from the credit agencies to ensure they can make sensible decisions about their customers and who they offer credit to.

All information held by these agencies, both good and bad, is deleted after a period of 6 years. Even if the relevant debt is cleared, CCJs are held for a six-year period, due to lenders being interested in a rounded credit history of the customer, and would want to know of any recent reasons why the borrower may have failed to pay back their debt.

Typical details that may be held would include:

- Your name
- Your address
- How long you have been at your current address
- Your date of birth
- All known credit transactions
- Lender details
- Repayment details
- Your account's current status
- Any other information related to previous borrowing
- Voter's electoral information
- Known aliases
- Financial linked associates
- Recent credit searches

You are free to obtain this information. There should not be any additional information about you either so you should carefully check what is on your file.

Did you know... **Each credit agency will hold slightly different information about you**

An area that many consumers are unaware of when applying for credit is that a large number of searches (or inquiries) can have an adverse impact on your credit score. This is more likely when you have had a borrowing requested declined. As each time you make a borrowing request to a lender it is recorded, lenders that you apply to in the future will be able to see the information. They won't be able to see the lender's names, but will see the date and type of search.

Another point to keep in mind is that having too many credit searches can affect the way that lenders view your credit profile. If you are simply shopping around for a quote to see if credit is affordable it is sensible only to apply to one or two lenders.

Some people will get very anxious about credit searches, but they are normal and will not impact you too much as long as you are sensible with the amount that you have conducted on your file.

If you are not serious about obtaining credit then it is best not to have a credit search conducted. However, you will always have a credit search on your file when you do apply so do not be afraid of this process.

If you have been rejected three or four times we would recommend that you stop applying for credit and following some of the steps in this guide to obtain and repair any negative issues that may be on your file.

# 3.0 Understanding Your Credit File



When you receive your credit profile you will see both the positive and negative entries that are listed. There may be terms on your file that you do not understand. The list of terms below explains each of these to make sure you have a clear understanding of different points on your credit file that could be affecting your credit rating.

## 3.1 Negative Entries

### Missed Payments

When you miss a payment it will be recorded on your credit file. Often missing payments will harm your credit file and may mean that you will struggle to obtain credit at a later date. Even if you just miss the odd payment, when you do get accepted for a loan you may find that the rates are higher than expected, as you are now perceived as being a higher risk to the lender. Recent missed payments have much greater negative impact than historic ones. Current arrears have maximum negative effect.

### Defaults

If you have missed multiple payments on a credit agreement it may result in a “default”. If you default on a credit agreement the company that lent you the money will send the record of the default to the various credit agencies and they will be placed on your credit file. The payment profile will then stop and only the balance is updated - This stays on your file for 6 years.

### County Court Judgements (CCJs)

CCJ stands for County Court Judgements, this is the term used when you have been taken to court for failure to pay back money you owe. Unfortunately CCJs will negatively affect your credit file and you will struggle to borrow money from prime or near prime lenders. A CCJ will stay on your credit profile for 6 years and will seriously harm your ability to obtain credit. If you pay the money owed within one month of the of the court issue you will be able to have the CCJ removed from your file, but in order to do this, you will need a Certificate of Satisfaction. If you pay the amount AFTER one month, it will be shown on your file as settled (if the above certificate is issued) for six years. Even though it is settled, lenders will see any CCJs on your credit file as a negative entry and it can impact future credit requests.

Did you know...**Negative points on your file will affect the rate you can borrow at**

## **Bankruptcy**

If you become bankrupt you will struggle to obtain finance. Again, this information is held for 6 years by the credit agencies. There are ways to get this removed though. If your bankruptcy order is “annulled” or withdrawn, you can send a copy of the certificate you will have been issued to the credit agencies. If your bankruptcy order ends, you must send a copy of the discharge certificate, and the agencies will also update their files.

## **C.I.F.A.S.**

This stands for Credit Industry Fraud Avoidance System, and any CIFAS entry on your file is bad. CIFAS registers different types of fraud, such as false names, stolen credit cards and false applications. When there is a CIFAS entry, it means lenders will take extra care to ensure that the application is genuine, though unfortunately sometimes the application will just be rejected, even if it is legitimate. One reason for this, for example, would be if your address has been used for fraudulent activity in the past. The credit referencing agency should be written to, requesting all the details of a CIFAS entry if this is the case.

## **IVA**

IVA stands for Individual Voluntary Arrangement and is used by an individual to come to a deal with a lender to avoid declaring themselves bankrupt. An IVA is a legally binding contract, which stays on your file for six years. Essentially, they allow you to consolidate your debt into a single monthly payment. There are major benefits to an individual to enter an IVA as often they will be able to reduce their total amount of debt by up to 75%, leaving the individual to pay off the balance within 3 to 5 years. Lenders will not look at an IVA in a positive light, and individuals will struggle to obtain credit until this is removed from their credit file.

Did you know... **Being on the electoral roll is vital to borrow money**



## 3.2 Positive Entries

### Subscriber Supplied Information / Credit Account Information

Usually when you have a line of credit the history of that credit will be detailed on your credit file. Each credit account that you have will be listed individually, although it is possible that not all of your accounts are listed.

The credit will be represented by a row of 12 numbers. Each of the 12 numbers represents a month of the last rolling year. The number shown will represent whether or not you have made payments on time. They also show if payments are made late, how late they are and if you have defaulted (this will be represented with a D not a number). Below is an example...

**0 0 2 1 1 2 2 3 2 2 1 0**

In the example above shows the account holder was 2 months behind, 3 months ago, and 2 months behind, 6 months ago, etc. A well looked-after account would generally be filled with only 0's and the occasional 1 (if you were late one month). If you have all 0's it means you've kept up with all of your payments for the last year. This is a very good signal for lenders as it shows that the person has the ability to manage their finances well. This makes them a lower risk when it comes to lending them money in the future.

Here is a summary of what the codes mean:

0 – Payments are up to date

1 – In arrears by one payment

2 – In arrears by two payments

3 – In arrears by three payments

4 – In arrears by four payments

5 – In arrears by five payments

6 – In arrears by six payments

D – Account defaulted. This often means the account has been closed or legal action has been taken and the lender has formally asked for all the funds back.

You will also be able to see a summary of the last 36 months, where the Defaults would generally be shown.

Did you know... **You can challenge any incorrect information on your credit file**

## **Electoral Roll Information**

This is a very important factor and is usually understated by most consumers. Traceability is incredibly important to all lenders as it shows that you are happy to prove where you are living. The electoral roll is a list of all of the people who have registered at their current address and have the right to vote for elections.

The electoral roll is generally prepared every February, so if you miss the date, it's a good idea to contact your local authority and get your details added. This can then be added to your credit file. If you are not on the roll, it may prompt lenders to question why, and will cause problems with credit applications. Lenders like to see a consistent address history as it means if anything were to go wrong and you don't pay back the credit, the lender would know your current address.

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