



Refused credit?

Reasons and rights.

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When you apply for credit, lenders have to make sure that you are who you say you are and live where you say you live.

They want to make sure that you are likely to keep up with the repayments so they look at the information you give them when you apply (such as job and income details) to help inform their view on this. Lenders also check the information credit reference agencies hold about you on your credit file or credit report.

It is important that you understand the information held on your credit report. It is also important that this report is up-to-date because it helps lenders check:

- your name and address
- how you have managed your credit in the past and
- how you are managing your credit at the moment.



If your report shows that you repay credit on time, this will usually help you get credit. It may also help you get the best credit deals.

Once you close a credit account (such as credit card, personal loan or a mortgage) details of how you handled your payments stay on your report for six years. Negative information (such as a court judgment, a default – a credit account that you have broken the terms of or bankruptcy) also stays on your credit report for six years.

You can get a copy of your credit report from a credit reference agency. The main credit reference agencies in the UK are:

Experian Ltd www.experian.co.uk

Equifax plc www.equifax.co.uk

Callcredit plc www.callcredit.co.uk

Lenders cannot refuse to give you credit because of your race, sex, religion, sexuality or address.

It is your legal right to see your credit report and to correct anything in it that you can prove is wrong. The maximum cost to see your report is £2 (although online and telephone services may cost more). When you contact the credit reference agency and order a copy of your credit report, they will give you information on your report, how it is used and how you can change or add to the information on it, if necessary.

Lenders can refuse to provide credit for many reasons. The information from your credit report might have suggested that you would struggle to make repayments on time; or perhaps the lender made their decision based on the information you gave them when you applied for credit, such as details about your job or wages. It may also just be the case that you are not the type of customer the lender wants to attract.

Nobody has an automatic right to credit but there are certain rules. For example, lenders cannot refuse to give you credit because of your race, sex, religion, sexuality or address. Lenders can refuse an application without giving any reason, but most have codes of practice that say they should give you the main reason if you ask.



When a lender refuses an application for credit it is a good idea to ask why as you may be able to do something about it and improve your chance of getting credit in the future. Only the lender can tell you why they refused your application. They should give you the main reason for their decision and they should also tell you if the information on your credit report affected their decision.

The lender should give you details of the credit reference agency they used if the information on your credit report caused them to refuse your application.

Some people are refused credit because they are the victims of identity fraud. Contact the credit reference agency if your credit report includes credit applications you know nothing about. They will be able to help you deal with this.

Many lenders use automated credit scoring to help them decide if you will be able to pay back any money you want to borrow. They give points relating to the information on your application for credit and on your credit report. Then they work out the total to give you a credit score. Each lender decides how many points they give to each piece of information and how many points you need to reach for them to accept your application. As a result, your credit score will vary from lender to lender, depending on each lender's own policies.

They should tell you if they refused your application because of your credit score. The law also gives you the right to have your application considered again by a person if the lender refuses to give you credit because of an automated credit score.

If you are turned down for credit, don't panic! Find out the reason why as quickly as possible.

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*For further help and advice including
information on Debt Advisors in your area
contact:*

Debt Action Northern Ireland
www.debtaction-ni.net



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