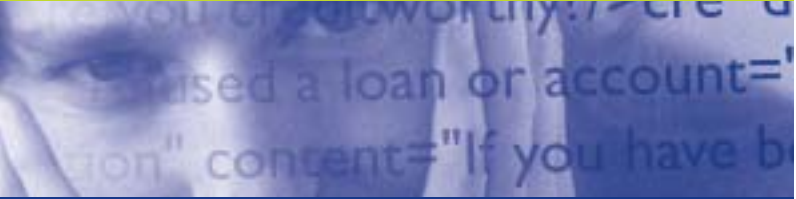


No Credit?

**How to find out what
credit reference agencies
report about you and how
you can correct mistakes**



Information Commissioner

Promoting public access to official information
and protecting your personal information

Are you a good credit risk?

No-one has a right to credit. Before giving you credit, lenders – such as banks, loan companies and shops – want to check whether you are an acceptable risk.

Credit reference agencies

To help lenders do this, they may check with firms called *credit reference agencies* to get details about you and your credit record.

The main credit reference agencies keep information on their computers about almost every adult in the United Kingdom.

These agencies do not keep 'blacklists', or give any opinion about whether or not you should be given credit. They provide information about your credit record. The credit reference agency will not be able to tell you why you were refused credit. The lender decides whether you are an acceptable risk.

When you apply for credit the lender should tell you if the files of a credit reference agency will be searched. The name and address of the agency should be made available to you if you ask.

Credit scoring

Many lenders use credit scoring systems which give points to various pieces of information on your application form, such as your age, your job and whether you own your home. For example, if the lender's experience has led them to believe that those over 40 are more likely to pay on time than those under 25, the points given will reflect

this. They may also give points to information provided by a credit reference agency about your credit record. These points are added together to produce your *credit score*. This helps the lender predict whether you are an acceptable risk.

The decision the lender makes is not necessarily based on your credit score alone. However, if you score above the lender's 'pass mark' it will in general help you get credit. If you score below this mark, it will mean you are more likely to be turned down. Different lenders have different systems and pass marks, so you can be turned down by one but accepted by another.

The credit scores lenders give you are not part of the file the credit reference agencies keep about you.

Lenders should tell you if they are going to use a credit score to help them decide whether or not to give you credit. If you are refused credit because of a computerised credit scoring system, the lender should give you an explanation of how credit scoring works and tell you the type of factors which they have taken into account in their scoring system. It may be that this information will be given to you when you apply. If this explanation is not made available to you free of charge then you do have the right to ask for it, but this applies only if the decision has been made on the basis of a computerised system alone, and you would have to write and make it clear in your letter that you want this explanation. You may also be charged a fee.

If you are refused credit, lenders do not have to tell you exactly why they have turned you down, but they should give you an indication of the reason. They should tell you if you have failed to reach their pass mark. Alternatively, they should tell you if you were declined for another reason, for example because of negative information provided by a credit reference agency, or if there is another, overriding reason why your application has been refused. It should be made clear if a credit reference agency was consulted but the information they provided did not result in the refusal of credit.

If the decision to refuse you credit was made only by a computerised credit scoring system, then you have the right to ask the lender to review the decision. Even if the decision was not taken by a computerised process alone, but you consider the decision to refuse you credit was unjustified or wrong, and there is further relevant information which may change the lender's mind, you should ask the lender how to go about having the decision reviewed.

What information do credit reference agencies hold?

Agencies usually keep the following details:

Public record information

The *electoral or voters' roll* can show that you live at the address you have given on an application form. Proof of where you live and how long you have lived there is important to a lender.

Records are kept of most *county court judgments* entered for sums of money in the county courts in *England and Wales*, usually for six years. In most cases, the agencies are informed about judgments as soon as they are entered by the courts.

You can ask the court to cancel and remove from its records any debt against your name which was paid within one month of the judgment. The judgment should also be removed from your credit reference file. Judgments paid after one month can be marked as 'satisfied'. Before a court will give you a 'Certificate of Satisfaction', you will have to give the court proof of payment (usually a receipt from the claimant) and pay the court fee of £10. Once a court gives you a Certificate of Satisfaction it should be passed by the court to an organisation called Registry Trust Limited, which keeps the Register of County Court Judgments. They should then pass it automatically to the credit reference agencies, where the fact that the debt has been paid should be shown on

the file. However, the judgment will normally remain on the credit reference agency's file for six years. If you think that the reference to a county court judgment on your file is incorrect, ask the *court* which entered the judgment for guidance on what you can do.

In *Scotland*, judgments are called decrees and are issued by the small claims and summary causes sheriff courts. Records of decrees are kept by the agencies for six years. Scottish courts do not issue Certificates of Satisfaction. If you have paid up a Scottish decree, write to Registry Trust Limited asking them to record the decree as 'satisfied'. Include a receipt or letter of confirmation from the pursuer or pursuer's agent confirming the date and amount of the decree, and the date on which the debt was repaid. Registry Trust will make an administration charge of £4.50, which should also be enclosed. They will then pass this information to the agencies. Or you can send the proof of repayment to the agencies directly. If you do this you will need to send it to all the agencies involved.

Courts in *Northern Ireland* do not issue Certificates of Satisfaction either. You can get proof that an enforced judgment has been paid from The Enforcement of Judgments Office, 7th Floor, Bedford House, 16-22 Bedford Street, Belfast BT2 7FD. If you ask, this office will produce what is called a 'paid in full' search for a fee of £5. This can then be sent to each credit reference agency. Or you can send this proof or a receipt or letter confirming payment, together with details of the court, the amount and date of

the judgment, to Registry Trust. They will then be able to amend their records and send the amendment to the agencies involved. They will make an administration charge of £4.50, which should be enclosed.

Agencies also keep the details of *bankruptcies* on file for six years. Any county court which deals with bankruptcy can tell you how to discharge a bankruptcy. You can then ask the agencies to record the discharge, although you will have to give them evidence of it.

They also keep records of county court *administration orders*. Most of the procedures relating to judgments also apply to administration orders.

Your local county court can give you information about court procedure generally. The address is under 'Courts' in the phone book.

Previous and existing credit accounts

Many of the large lenders file information with the credit reference agencies on whether you have kept your payments on your credit accounts up to date or whether you have been or are in arrears. If you have a history of paying on time, this is likely to help you get further credit.

Other information

On your credit reference file you will also find a record of the searches which organisations have made of your file.

The *Council of Mortgage Lenders' Repossession Register* is also held by the agencies. If you have had a property repossessed or have given it up voluntarily, this will show on the register. The record is kept for six years. Only members of the Council of Mortgage Lenders see this information.

You may also find a report from *CIFAS*, a credit industry fraud avoidance system, on your file. Members of this scheme file information when they have detected a fraud or an attempted fraud. The information which is filed may not directly relate to you, but, for example, may indicate that someone has tried to impersonate you. The scheme is intended as a warning to lenders and also as protection for the innocent consumer. Only CIFAS members see this information. Lenders should take extra care in checking the information when a CIFAS marker is shown, and no-one should be refused credit automatically until after proper checks have been made. This should include checking the identity of the person who has applied for credit. Once the lender is satisfied with the application, their normal credit granting policies should be used to decide whether to grant the credit.

There may also be a *'gone away'* marker on the file. Members of the Gone Away Information Network (GAIN) report to the agencies when they cannot trace a customer whose credit repayments are not fully up to date and who has moved house without providing a forwarding address. This information stays on the file for six years and is only shown to members of the GAIN network.



Your rights

Under the Data Protection Act you should be told, unless it was already obvious, if the files of a credit reference agency are to be searched when you apply for credit. In most cases you should also be told if a credit reference agency receives information about you from a lender: they should let you know who they are and how your information will be used and disclosed. To make it easier, what will normally happen is that the lender

will tell you all these things when you apply for credit. The name and address of the agency which has been used will not always be on the application form, but it will be made available to you free of charge if you ask. You can write to the lender (the type of letter you could use is given below) or you may be given a phone number. The names and addresses of the agencies are given at the back of this leaflet.

123 Any Street
Anytown A45 6EC
21 March 200-

Dear Loan Company
Data Protection Act 1998

Please tell me the name and address of any credit reference agency which you have asked to give information about me. I expect a reply within seven working days of your getting this letter.

Yours faithfully
Adam Neil Other

If you do not want to write to the lenders or phone them, you can apply directly to the credit reference agencies for a copy of your credit reference file.

Your right to see your file

You do not have to be refused credit to see what information credit reference agencies hold about you. You have the right at any time to ask them in writing for a copy of your file.

For a copy of the information they hold which has an effect on your financial standing, you must:

- send £2 (this will not be returned);
- give your full first names, surname and address, including postcode; and
- give any other addresses you have lived at during the last six years. (This helps the agency to trace all the information it holds about you.)

If you run a business as a sole trader, give its name and address too, because under the Data Protection Act you will be entitled to any separate information which the agency may hold about you in your business capacity. (If you are in a business as a partnership you can also ask for a copy of your file since you are entitled to this information under the Consumer Credit Act. Your right to this information is regulated by the Office of Fair Trading. Requests for advice on this matter from partnerships should therefore be sent to the Director General of Fair Trading. You

can find the address at the back of this leaflet. Limited companies do not have any rights under the Data Protection Act 1998 or the Consumer Credit Act 1974.)

It is a good idea to keep copies of any letters you write and to have a proof of posting or recorded delivery number. They may be useful later if there is a disagreement about your file.

123 Any Street
Anytown A45 6EC
23 April 200-

Dear Credit Reference Agency

Under section 7 of the Data Protection Act 1998, please send me a copy of my file containing the information which has an effect on my financial standing. I enclose a postal order/cheque for £2.

I have lived at the above address for three years. Before that I lived at 789 High Street, Anytown A43 9DF. I expect a reply within seven working days of you receiving this letter.

Yours faithfully
Adam Neil Other



The agency may ask for more details to help them find all the information they hold about you and, before sending the file out, to check that you are who you say you are. Otherwise they must send you your file within seven working days from the receipt of your letter, or tell you that they hold no information about you.

The three main agencies are:

Equifax Plc

Credit File Advice Centre
PO Box 1140
Bradford BD1 5US

Experian Limited

Consumer Help Service
PO Box 8000
Nottingham NG1 5GX

Callcredit Plc

Consumer Services Team
PO Box 491
Leeds LS3 1WZ

Your right to amend your file

If the details on your file are correct, you cannot expect the agency to remove them just because they may be embarrassing. When deciding whether to lend you money, lenders need to know your full credit history, good or bad. However, you can ask for your file to be amended if:

- it contains information about other people with whom you have no financial connection;
- it contains information which is incorrect.

The procedures are different in each case. Please read the following notes carefully and follow the steps which apply to you.

Information about other people

Agencies are only allowed to give information about:

- you;
- people with the same name, or a very similar name, living at your address;
- other family members living in your household;
- people with the same name, or a very similar name, who have, in the past, lived with you at your current or last address; and
- other people who have, in the past, lived with you as part of your family at your current or last address.

Agencies must not report financial information about other people if:

- they have not lived at your current or last address as a member of your family at the same time as you;
- the agencies have information which makes it reasonable to believe that you have no financial connection with them.

However, agencies can supply the names of other people (whether or not they are members of your family) who are or have been listed on the electoral roll at your addresses.

Disassociation

If there is information on your file about people in your family with whom you have no financial connection, you can write to the agency to disassociate yourself from them. Unless the agency has a good reason to doubt what you tell them, they must not continue to give lenders information about the other people you have mentioned. You need only write to the agency which sent you your file, since *disassociation* information will be shared between the agencies.

Other family members, for example your husband or wife, can also use this procedure to disassociate themselves from others in the family with whom they have no financial connection.

123 Any Street
Anytown A45 6EC
10 June 200-

Dear Credit Reference Agency
Your reference 123456-7890

Thank you for sending me my file. The information on it about John James Other relates to my adult son. He has now left home and I no longer have any financial connection with him. Please 'disassociate' us, so that financial information about him no longer appears on my file, and information about me does not appear on his.

Yours faithfully
Adam Neil Other

If a credit reference agency refuses to do this, or includes information on your file about other people which falls outside these rules, you can ask the Information Commissioner to assess whether or not this is correct under the Data Protection Act. The address is on page 25.

123 Any Street
Anytown A45 6EC
23 July 200-

Dear Information Commissioner

I enclose a copy of all of the correspondence I have had with (name of credit reference agency). As you can see, it has refused to accept that there is no financial connection between my son and myself, and will not remove information about him from my file. Please assess whether this breaks the provisions of the Data Protection Act.

Yours faithfully
Adam Neil Other

Incorrect information

If any entry in your file is incorrect, and you think you are likely to suffer because it is wrong, under the Consumer Credit Act 1974 you are entitled to have it corrected, removed or to have a note put on the file which explains why you think the information is wrong. Please note the following steps:

1. Write to the agency asking them either to remove or change any entry which you think is wrong. Explain why you think the information is wrong and send any evidence you have which proves the information is incorrect.

123 Any Street
Anytown A45 6EC
18 June 200-

Dear Credit Reference Agency
Your reference 123456-7890
Thank you for sending me my credit
reference file.

Please note that I no longer owe any money to Anytown Lending Company Limited. The file shows that I did get into arrears on my loan and they recorded a default. I have now paid this off. I enclose a letter from the company which confirms this.

I expect a reply within 28 days of you getting this letter. Please make it clear that the debt has been paid.

Yours faithfully
Adam Neil Other

Under the Consumer Credit Act 1974, the agency has to tell you within 28 days of receiving your letter if the information has been corrected, removed or if they have done nothing. If the information has been corrected, you will get a copy of the new entry.

- 2. If the agency does not reply or tells you they have done nothing, or makes a correction which you do not think is satisfactory, you can, within the next 28 days, send them a **notice of correction** to be added to your file. This means that if the agency did not write back, you have to send your notice of correction within eight weeks of your first letter to them which asked them to correct or remove the information.*

A notice of correction is a statement of up to 200 words written by you. It should give a clear and accurate explanation of why you think the entry is wrong. If the information is factually correct but you think it creates a misleading impression, you can explain why. The agency can reject your notice if they think it is incorrect, defamatory (affecting someone's good name or reputation), frivolous or scandalous, or is for any other reason unsuitable for publication. The letter shown on page 20 includes an example of a notice of correction which should be acceptable.

123 Any Street
Anytown A45 6EC

10 August 200-

Dear Credit Reference Agency

Your reference 123456-7890

Thank you for your letter of 15 July 200-.

I note that you will not remove the entry from my file. Please add the following notice of correction to my file.

Notice of correction

I, Mr Adam Neil Other, of 123 Any Street, Anytown A45 6EC, would like it to be known that the judgment recorded against me for £200 relates to a bill which I could not pay because I was made redundant in 1996. I paid the bill in full after I got a job in 1997. I would ask anyone searching this file to take these facts into account.

I look forward to receiving confirmation from you within 28 days of you receiving this letter that you have added this notice of correction to my file.

Yours faithfully

Adam Neil Other

What happens next?

If the agency amends your file or adds the notice of correction you have sent in, they must send the details to any lender who has searched your file in the six months immediately before the agency received your request for your file. The new information must be used in future.

If the notice of correction relates to a county court judgment or a sheriff court decree, the agency will pass it to Registry Trust Limited. Although Registry Trust have no control over what the notice of correction says, they will pass it on to the other credit reference agencies.

If the notice of correction relates to information which is not about a judgment or decree, but refers, for example, to a credit account, you may want to send for your file from the other agencies to check whether they hold the same information. If they do, you can send them the notice of correction.

If an agency does not want to add a notice of correction to your file because they think it is wrong, or because they think it is defamatory (affecting someone's good name or reputation), frivolous or scandalous, or is unsuitable for publication for some other reason, *they must apply to the Information Commissioner for a ruling. An agency can only refuse to include your notice of correction if the Commissioner agrees with them.*

3. If the agency does not reply to your letter enclosing your notice of correction within 28 days of receiving it, or the agency has refused to add it to your file, you can appeal to the Commissioner. You will find the address on page 25.

When you write to the Commissioner, you should give the following details:

- Say you are writing under section 159(5) of the Consumer Credit Act 1974.
- Give your full first names and surname and address.
- Give the name and address of the agency.
- Give details of the disputed entry in the file. Say why you think it is wrong, and why you think you are likely to suffer because it is wrong. It will help if you enclose any evidence you have which shows that the information is incorrect.
- Give the dates you sent the notice of correction to the agency; if you cannot remember, give an approximate date.
- It will help if you enclose any correspondence between you and the agency, as well as a copy of your notice of correction.



The Commissioner may ask the agency for their side of the story, as well as sending them a copy of your letter. In return you will be sent the agency's reply.

When the Commissioner has considered your application, he will decide how the matter should be resolved.

123 Any Street
Anytown A45 6EC

23 September 200-

Dear Information Commissioner

I am writing under section 159(5) of the Consumer Credit Act 1974.

I got my file (reference number 123456-7890) from (name of the credit reference agency) and asked them to change an entry about (details of the entry: county court judgment/sheriff court decree/bankruptcy, etc). Because they would not remove this from my file, I sent the agency a notice of correction to add to my file explaining the situation. It is now more than 28 days since I wrote and they have not told me whether they have put the notice on my file.

I believe that if the notice of correction is not added to my file, it will not be clear why this situation happened and as a result I may be refused credit. Please can you contact the agency and resolve the matter. I enclose copies of all my letters to the agency and copies of the letters to and from the court.

Yours faithfully

Adam Neil Other

The Data Protection Act 1998

As well as your right to have a notice of correction added to your file you also have the right to ask the Information Commissioner to assess whether the entry breaks the provisions of the Data Protection Act by recording incorrect information about you. If the agency cannot check the information you say is wrong straight away they should mark the entry as 'in dispute'. They may need to make enquiries about what you say, for example by asking the lender that filed the information to check the entry you have objected to. You will need to give the agency a reasonable time to do this and respond. The Commissioner thinks this should be *at least* 28 days from the day the agency received your letter. You will need to send the Commissioner the evidence you have which proves what you say. You will also need to send a copy of the file entry. If you have had letters from the lender or the agency giving you reasons why they will not change the record, you will also need to send copies of these to the Commissioner.

You also have the right to ask the courts to order the correction or removal of any inaccurate information which is covered by the Data Protection Act 1998. You also have a number of other rights under the Data Protection Act 1998 which may be exercised through the courts. Further details are available from the Commissioner's Office at the address on page 25.

Useful addresses

Information Commissioner's Office
Wycliffe House
Water Lane
Wilmslow
Cheshire SK9 5AF

The Director General of Fair Trading
Fleetbank House
2-6 Salisbury Square
London EC4Y 8JX

The Enforcement of Judgments Office
7th Floor
Bedford House
16-22 Bedford Street
Belfast BT2 7FD

Equifax Plc
Credit File Advice Centre
PO Box 1140
Bradford BD1 5US

Experian Limited
Consumer Help Centre
PO Box 8000
Nottingham NG1 5GX

Callcredit Plc
Consumer Services Team
PO Box 491
Leeds LS3 1WZ

Registry Trust Limited
173-175 Cleveland Street
London W1P 5PE

Your local county court can give you information about county court judgments and court procedures generally. The address is under 'Courts' in the phone book.

The address of your local Trading Standards Department is in the phone book under your county, regional or borough council. In Northern Ireland the address is:

Department of Economic Development
Trading Standards Branch
176 Newtownbreda Road
Belfast BT8 4QS

You can also get advice from a Citizens Advice Bureau, Consumer Advice Centre or local law centre.

If you want more copies of this leaflet, please phone 0870 600 8100.



Publications Line

t: 0870 600 8100

f: 0870 600 8101

Data Protection Helpline

t: 01625 545745

f: 01625 524510

e: mail@ico.gsi.gov.uk

w: informationcommissioner.gov.uk

DP/ND/0304/40x

Information Commissioner's Office
Wycliffe House, Water Lane
Wilmslow, Cheshire, SK9 5AF

