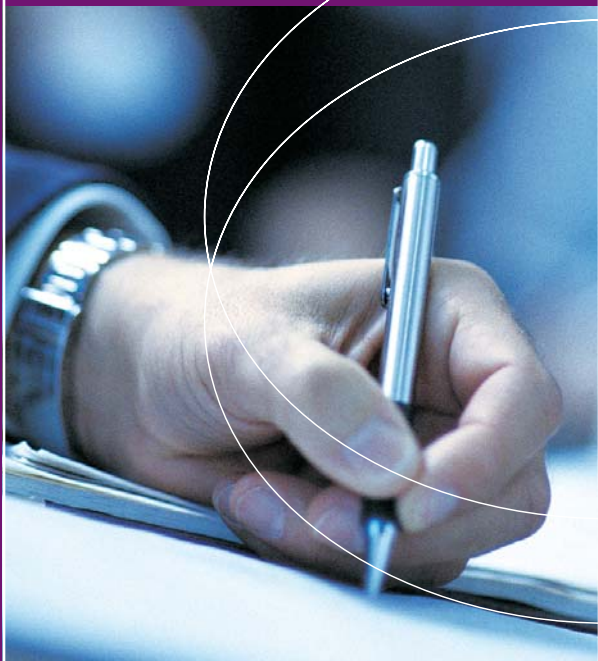




# Your credit decision explained

[www.fla.org.uk](http://www.fla.org.uk)



## Company Name and Contact Details

This leaflet is published by FLA on behalf of its members. If you would like to discuss your loan application further, please contact the company whose details are in the panel above.

## Assessing applications for credit

As a responsible lender, we want to make sure you do not take on more borrowing than you can afford. When considering your application for borrowing, we will assess your financial circumstances. To help us to do this, we may assess applications using a process called credit scoring.

### How does credit scoring work?

Credit scoring is the system most major banks and finance companies use when considering applications for borrowing.

It takes account of information you provide in your application, any information we may already have about you, and any information we may get from other organisations such as credit reference or fraud-prevention agencies. When we use information from other organisations, we will tell you who they are.

The credit-scoring system gives points for each piece of relevant information and adds these up to produce a score. If your score reaches a certain level, we will generally accept your application. If your score does not reach this level, we may not accept your application. We may sometimes use scores worked out by credit reference agencies when considering your application.

The points are based on a thorough analysis of repayment histories over many years. This allows us to identify characteristics that predict how likely someone is to pay back any lending. (For example, if people in a particular age group have proved to be more likely to meet payments than those in another age group, the points will reflect this.)

Credit scoring produces consistent decisions and is designed to make sure that all applicants are treated fairly.

We may also have rules to decide whether we will lend. These reflect our commercial experience and needs.

Every credit or loan application involves a certain level of risk to us, no matter how reliable or responsible you are. Credit scoring allows us to work out the level of risk for each applicant, based on the information we have. If the level of risk is too high, we will not accept the application.

This does not mean that any applicant we have turned down is a bad payer. It simply means that based on the information available to us, we are not prepared to take the risk of providing the credit applied for.

Lenders do not have to accept an application.

Each lender applies its own policies and has different scoring systems, so applications may be assessed differently by different lenders. This means that one lender may accept your application but another may not.

If your application is turned down, details of this decision are not shared with credit reference agencies.

## **Is credit scoring fair?**

We believe that credit scoring is fair and unbiased. It does not single out a specific piece of information as the reason for turning down an application. We test our credit-scoring methods regularly to make sure they continue to be fair and unbiased.

Responsible lending is essential for the good of applicants and lenders. The Office of Fair Trading, which regulates credit, agrees that credit scoring helps make sure that lending decisions are responsible.

## What happens if my application is turned down?

If we cannot accept your application, we will give you the main reason why you have not met our lending criteria.

For example:

- you may not have passed our credit score;
- one or more of the credit reference agencies may have information about you which may have influenced our decision; or
- we may have a specific rule which results in our decision. For example, we will not lend to you if we feel your level of income suggests you may have difficulty repaying further credit comfortably.

You may ask us to consider our decision again. In this case, we will generally ask you to provide us with extra information. If you would like us to consider our decision again, please contact us at the address at the front of this leaflet.

## What types of information does a credit reference agency hold?

Credit reference agencies hold different types of information, such as information from the electoral roll, details of any court judgments or bankruptcies in your name, a record of current and past credit commitments (for example, credit cards, loans, mortgages) that you have held in the last six years, and details of any searches of your credit file.

To get a copy of your credit file, contact the credit reference agencies at the contact details listed on page 7. If you ask for a copy by writing, you will need to send the fee of £2 (cheque or postal order) and provide your full name, date of birth and all addresses you have lived at during the past six years.

We will tell you the credit reference agencies we have used.

## **How to improve the information held in your credit file**

Getting credit can be essential for everyday living, and being refused is frustrating. So how can you improve your chances of being approved for credit?

### ***Keep up to date with existing credit.***

Paying your existing credit card and loan repayments on time will show that you're likely to be able to meet future credit payments.

### ***Be patient not persistent.***

If you're refused credit for a product or service, don't keep on reapplying as this may lower your score. Wait a couple of months before making further applications.

### ***Get yourself on the electoral register.***

Banks, finance companies and retailers carry out this standard check to make sure you are registered at the addresses you provide.

### ***Don't leave out previous addresses.***

If you've moved a lot in the last three years, don't be tempted to leave out any previous addresses. This could be seen as an attempt to conceal unpaid credit at that address and may be treated as suspicious.

### ***Be honest about your credit history.***

If you've been in difficulties in the past and not been able to meet your repayments, or you've got county court judgements against you, be upfront as this information is easily traced.

### ***Settle bad debt.***

Although unpaid credit and county court judgements will stay on your file for six years, they will be marked as settled once you pay the debt. This could be taken into account when you're making future applications.

***Get the facts.***

If you're still puzzled at why you've been refused credit, contact a credit reference agency to get a copy of your credit file. This will show you all the information about you that lenders and retailers can see. The agencies must give consumers copies of the information they hold. There is a charge of £2, and you will need to give the agency your full name and all addresses you have had over the last six years. The contact details for credit reference agencies are listed on this page.

***Dispute any inaccuracies.***

Once you have your credit file, check all the details carefully. If you find any incorrect information, tell the agency. You can also add a note to your file, to explain any special circumstances.

## **Credit Reference Agencies**

Callcredit Limited  
PO Box 491  
Leeds LS3 1WZ  
Phone: 0870 060 1414  
[www.callcredit.co.uk](http://www.callcredit.co.uk) (consumer services section)

Equifax plc  
Credit File Advice Centre  
PO Box 1140  
Bradford BD1 5US  
Phone: 0870 599 2299  
[www.equifax.co.uk](http://www.equifax.co.uk)

Experian  
Consumer Help Service  
PO Box 8000  
Nottingham NG80 7WF  
Phone: 0870 241 6212  
[www.experian.co.uk](http://www.experian.co.uk)

## About FLA

The Finance & Leasing Association (FLA) is the biggest UK representative organisation for the UK consumer credit and asset finance sectors. Its members include banks, subsidiaries of banks and building societies, the finance sections of leading retailers and manufacturing companies, and a range of independent firms. The members provide a wide range of facilities, including finance leasing, operating leasing, hire purchase, conditional sale, personal contract purchase plans, personal lease plans, secured and unsecured personal loans, credit cards and store card facilities.

If you would like a copy of this leaflet in large print, in Braille, in another language or on audio tape, please contact FLA at the address below.

### **Finance & Leasing Association**

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