

Data protection

Credit explained

ico.

Information Commissioner's Office

Contents

❶	How do lenders decide if they will offer me credit?	4
❷	How do I get access to the information on my credit reference file?	9
❸	What is on my credit reference file?	12
❹	When things go wrong	25
❺	The Information Commissioner	34
❻	Useful addresses	37

1

How do lenders decide if they will offer me credit?

No-one has a right to credit. Before giving you credit, lenders such as banks, loan companies, catalogue companies and shops want to be confident you will repay the money they lend. To help them do this, they may look at the information held by companies called **credit reference agencies** and may also use **credit scoring**.



What are credit reference agencies?

- The three main consumer credit reference agencies in the UK are Equifax, Experian and TransUnion.
- These agencies hold certain information about most adults in the UK. This information makes up your **credit reference file** or **credit report**.
- The agencies get their information from lenders, from information in the public domain, the electoral roll, and from other sources. See pages **12–24** for more details about the types of information the agencies hold.
- When you apply for credit, a lender may look at your credit reference file to help it decide if you are likely to repay. If you have a financial link such as a joint account with someone, a lender may look at information about that person's credit history.
- Credit reference agencies do **not** hold blacklists and do **not** tell a lender if it should offer you credit — that is for the lender to decide.

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What is credit scoring?

- When you apply for credit, some lenders use **credit scoring** to help them decide if you are likely to repay. Credit scoring enables lenders to look at each credit application in the same way. Lenders should tell you if they are going to use credit scoring.
- To work out your credit score, lenders may look at your application form and give points to some of the information on it, such as your age, your job and if you own your own home. Lenders may also give points to some of the information on your credit reference file.
- Each lender will have its own credit scoring system and will decide how many points to give each piece of information. For example, if a lender believes that people in a certain age group are more likely to repay, the scoring system will reflect this. Each lender will also decide how many points you need to reach its own 'pass-mark'. If you score above the pass-mark, you are more likely to be offered credit. So you may be refused by one lender but accepted by another.

Who used to live at your address does not affect your credit score. Also, credit scores disregard your sex, religion, race, political beliefs, sexuality or criminal record.

Refused credit?

- If a lender uses credit scoring and refuses credit, you can ask the lender to explain the main reason why. There could be various reasons – for example, there may be information on your credit reference file that the lender thinks is negative. Or perhaps you did not reach the lender's pass-mark. Lenders may also try to make sure they do not offer credit to people who may not be able to afford it. So even if you repay your existing credit accounts on time, a lender may not want to overburden you with more. Lenders do not have to give you details of how their credit scoring works.
- If a lender refuses you credit because it worked out your credit score just by using a computer, you can ask it to review the decision by an employee of the lender.
- If a lender did **not** just use a computer to work out your credit score and you have other relevant information you think will alter the decision, you can ask the lender to review it.
- If you ask the lender to review the decision, it may ask you for supporting evidence.
- Even if a lender reviews its decision, it may still turn you down.
- Different lenders use different systems for working out your score. If you ask them, they must tell you which credit reference agency they used to get the information about you. You can then check whether the information they used is right.

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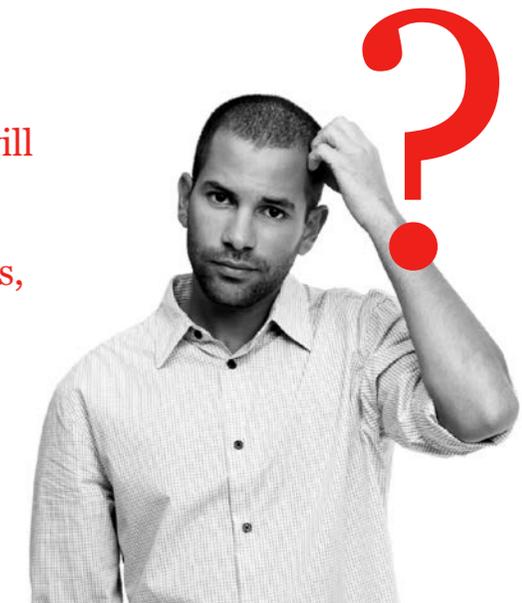
- Because each lender has a different system to work out credit scores, even if you're refused by one creditor, you might not be refused by others.
- You may be able to improve your credit score by correcting anything that is wrong on your credit reference file.

How do I get access to information on my credit reference file?



By law, you can contact any of the credit reference agencies and ask for a copy of the information it holds about your financial standing, free of charge. You can make a request verbally or in writing, or usually the agencies provide an online form. If you make your request verbally, we recommend you follow it up in writing to provide a clear trail of correspondence. It will also provide clear evidence of your actions.

You may find that the agencies offer you other services, for which there may be a fee.



In your request you will need to give the following details:

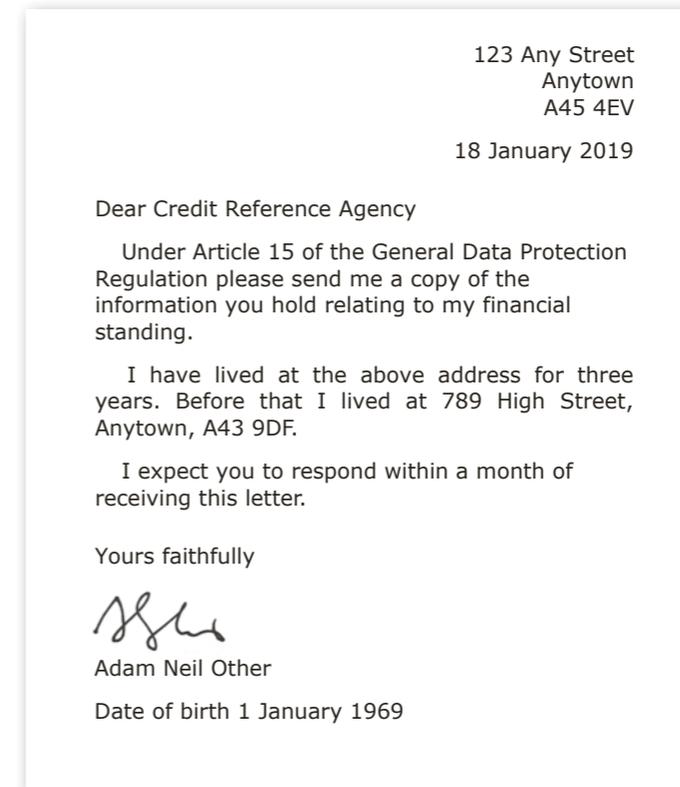
- Your full name – also give any names you used to be known by, such as a maiden name (your name before marriage).
- Your full address, including postcode.
- Any addresses you have lived at over the past six years.
- Your date of birth.

If you make your request in writing, you should keep a copy of your letter and you may want to send it by recorded delivery or registered post in case you need to prove your request has been sent and received.

When the credit reference agency receives your request, they have **one calendar month** to reply to you.

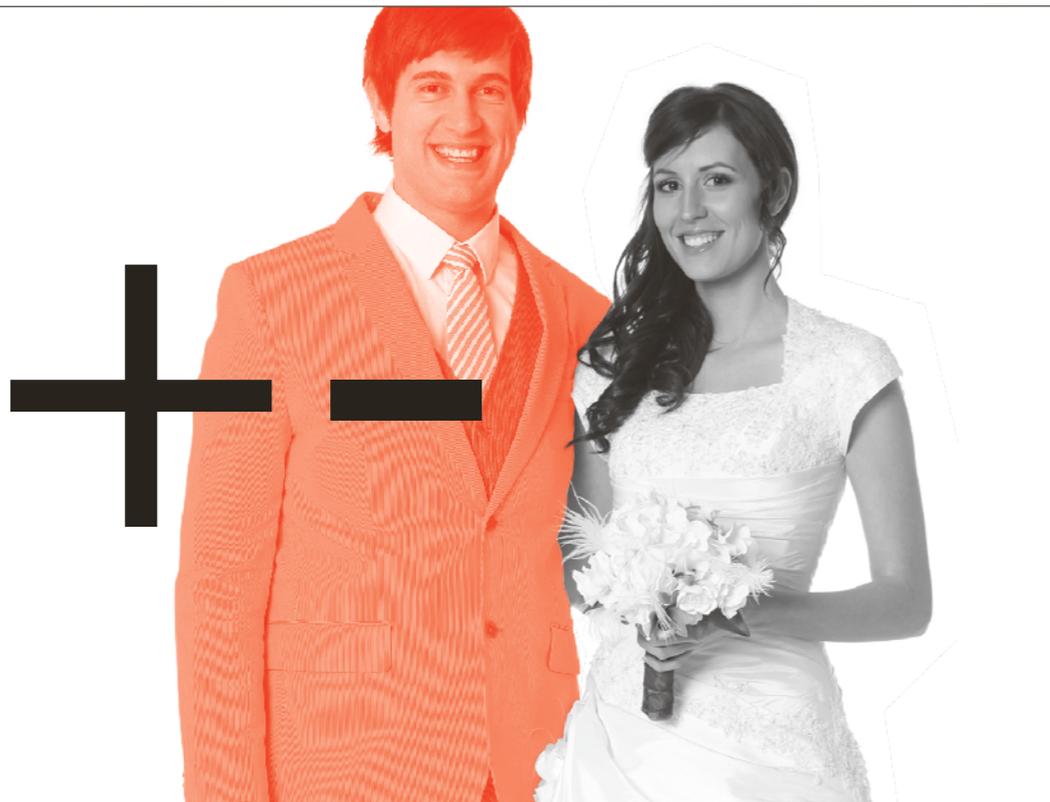
- Sometimes credit reference agencies need more information from you before they can send you your file. For example, they may need proof of your name and address from a utility bill or bank statement. This is important to make sure that no-one else gets your file by mistake or to check that no-one else has fraudulently applied for your credit reference file. The agencies do not have to send you your file until they get this information.

When you apply for your credit file, if you are a **sole trader** or **partnership** you may be able to get information about the credit status of your business too.



Please see page **37** for the contact details of the three main credit reference agencies.

What is on my credit reference file?



Public record information

The electoral roll (or voters roll)

- By law, credit reference agencies are allowed to use the full electoral roll for certain limited purposes. When you apply for credit, a lender may look at the electoral roll to check that you live, or have lived, at the address(es) you have given on an application form.
- Proof of where you live and how long you have lived there is important to a lender. If you are entitled to vote but are not registered on the electoral roll, you should contact your local authority. You may find you have difficulty getting credit if you do not register.

Bankruptcy

- This may stay on your credit reference file for **six years** from the date of your bankruptcy, even if you have been discharged (freed) from bankruptcy. A bankruptcy restrictions order may remain on your credit reference file for longer.
- If your bankruptcy has been discharged, you may need to send the credit reference agencies a **certificate of discharge**, unless you have paid for the Official Receiver to publicly advertise your discharge. You can get the certificate of discharge from the court where the bankruptcy was filed. There will be a fee for this.

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- Any account(s) included in your bankruptcy may show on your credit reference file as being in default. The date of the default(s) should not be later than the date of the bankruptcy order. See page **16** for more information on defaults.
- If your bankruptcy has been annulled (cancelled), you will need to send proof to the credit reference agencies. When you apply for credit, the provider may also ask to see this.
- If you need help with your bankruptcy, you should contact the Insolvency Service or get independent advice.

Individual voluntary arrangement (IVA)

- This may stay on your credit reference file for **six years** from the date of the arrangement (even if your IVA has been completed). If your IVA lasts longer than six years, it will remain on your credit reference file for the length of the arrangement.
- If your IVA has been completed, you may need to send proof to the credit reference agencies. When making an application for credit, the provider may also ask to see this.
- If you need help with your IVA, you should contact your insolvency practitioner or get independent advice.

County court judgment (CCJ) and a high court judgment (HCJ), administration order (AO) or decree

- All judgment, decree and administration order data is supplied to the credit reference agencies by Registry Trust Limited, which keeps registers of this information.
- Data is held by Registry Trust Limited and on a credit reference file for **six years** from the date of the CCJ, HCJ, AO or decree unless it is set aside or recalled by the courts.
- It can also be removed if your debt is repaid within one calendar month of the original date. See pages **26–33** for more information.
- If you have repaid a CCJ, HCJ, AO or decree, you can get your credit reference file updated. See pages **26–33** for how to do this. If you apply for credit, the provider may also ask to see proof of settlement.
- If the judgment, order or decree relates to an account that has gone into default, the date of the default should not be later than the date of the judgment, order or decree.
- If you think your judgment details on the register are incorrect or incomplete, you may ask Registry Trust Limited to check your entry with the courts.

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Information from lenders

- Lenders may pass information about your credit account(s) to the credit reference agencies to show whether you have been making the correct payments and on time. If you have a history of paying on time, this is likely to help you get further credit.
- If a lender is going to pass information to the credit reference agencies, it should tell you. You would normally see this stated on the application form under the data protection notice, in the privacy information, and/or under the provider's terms of business.
- Some lenders do not record information with all the main credit reference agencies, so you may find that the information on your credit reference file differs from the information on your file at another agency.

Your credit file may show the following:

- **A live account.** This may show on your credit reference file until your account is settled or closed. It may then show on your file for **six years**.
- **A settled or closed account.** This may show on your credit reference file for **six years** from the date it was closed.
- **A defaulted account.** This may show on your credit reference file for **six years** from the date of the default. A default normally occurs when you have not met the terms of a credit agreement and your account is three to six months in arrears. When you repay the debt, the entry on your credit reference file should be marked as settled or satisfied.

- **An arrangement to pay.** Sometimes, if you cannot make the full payment for your account, the lender may allow you to pay a different amount for a short time. This will show on your credit reference file as an arrangement to pay. The credit reference agencies may show these arrangements to pay in different ways. What the agency sent you with your credit reference file should explain how it records such arrangements.

Other information

Search information

- When an organisation looks at your credit reference file, a record of the 'search' is made – sometimes called a 'footprint'. This shows the name of the organisation, the date it searched your file and the type of search.
- Organisations may also search your credit reference file while you are 'shopping around' for the best credit or insurance deals – they should always tell you they will do this. To avoid a lot of credit application searches while you are shopping around, you should make clear that all you want is a quotation for the likely cost of the product. Organisations can carry out quotation or 'quick quote' searches that do not show you have applied for credit.
- Sometimes organisations also need to look at part of your file for other reasons, such as to check your identity or to prevent money laundering. No-one else except you would see they had made these enquiries.



- Experian and Equifax keep **most** search information for **one year**. They record debt-collection searches for up to **two years**.
- TransUnion keeps search information for **two years**.

Alias or association information

- You may see a list of any other names you have used in the past, for example a maiden name. This is known as 'alias' information. Financial information in your other names will show on your credit reference file.
- If you have a joint account or have made a joint application for credit, the name of the other person(s) will show on your credit file as a financial **association**. This means that when a lender looks at your file they will also be able to see financial information in the name of the other person or people. However, your file will only show financial information in your name. Your file will show the name of the organisation that gave this information and when. You and the other person may also have given this information directly to a credit reference agency. The other person's name will stay on your credit reference file until you write to the credit reference agencies telling them you are no longer financially connected. This is called **disassociation**.

Sample letter to send to the credit reference agency to request disassociation:



123 Any Street
Anytown
A45 4EV

18 January 2019

Dear Credit Reference Agency

Your reference: 123456-7890

Thank you for sending me information regarding my financial standing. The information about Alice Natalie Other relates to my ex-wife. We are now divorced and no longer have any financial connection.

Please disassociate us, so that financial information about her is no longer linked to me and information about me is no longer linked to her.

Yours faithfully



Adam Neil Other

Date of birth 1 January 1969

Linked addresses

- A linked address may be created when an account moves between addresses, such as when you move house, or when a lender checks your records at your previous address, or if you tell a credit reference agency about a previous or forwarding address.
- A linked address may stay on your credit file as long as this information is relevant for credit referencing purposes.

CIFAS (the UK's fraud prevention service)

- The CIFAS system is used by the credit industry and other organisations to prevent fraud.
- If a lender believes it may have detected a fraud or attempted fraud, a CIFAS marker may be put on your credit reference file. It aims to warn lenders and to protect innocent consumers.
- The information filed may not directly relate to you but, for example, may show that someone has tried to use your name without your permission.
- No-one should be refused credit just because of a CIFAS marker, and these markers are not included in your credit score. A CIFAS marker simply means the lender should take extra care to make sure that the person applying for credit is who they claim to be and that the information they have given on their application form is correct. Only CIFAS members see this information.

GAIN (Gone Away Information Network)

- Lenders that take part in GAIN pass information to the credit reference agencies when customers have not kept their account repayments up to date and then move without telling the lender their new address. Only GAIN participants may see this information.
- This information may stay on your credit reference file for **six years**.

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How long is information kept on my credit reference

Public record information:

Type of information	Kept for?
Electoral roll	Indefinitely
Bankruptcy	Normally six years from the date the bankruptcy begins, even if it is discharged (unless the bankruptcy lasts longer than this)
Individual voluntary arrangement (IVA)	Six years from the date the IVA begins, even if it is completed (unless the IVA lasts longer than this)
Administration order	Six years from the date of the order, even if it is paid in full
County court judgment/ high court judgment/ decree	Six years from the date of the judgment, even if it is paid in full (but it may be removed if it is paid in full within one month of the judgment date)

Account information:

Type of information	Kept for?
Live account	Information is collected until the account is closed, then kept for six years
Closed account	Six years from the date the account is closed
Default	Six years from the date of the default
Arrangement to pay	Depends on the terms of the arrangement agreed with the lender

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Other information:

Type of information	Kept for?
Searches	Experian and Equifax one year , (or two years for debt-collection searches). TransUnion two years
Alias information	Depends on your circumstances
Association information	Until the financial link ends, you ask for a disassociation and the credit reference agency changes your records
Linked addresses	As long as is relevant for credit referencing
CIFAS	Ongoing if there is evidence of fraud
GAIN	Six years

When things go wrong

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Should I use a credit repair company?

- You should think carefully before deciding whether to use a credit repair company. These companies may promise to remove information such as county court judgments from your credit reference file to improve your credit rating. They will charge a fee for doing this.
- If information such as a county court judgment has been accurately recorded on your credit reference file, it normally cannot be removed until after a set period. Chapter 3 of this booklet (pages **12–24**) explains what information may show on your credit reference file and for how long.
- This section (pages **25–33**) tells you what you can do when you think information on your credit reference file is wrong. There is also a list of useful addresses for organisations that may be able to help you free of charge.

I requested information from my credit reference file over a month ago but have not received a reply. What can I do?

- You should contact the credit reference agency again explaining when you asked for your information. We recommend contacting them in writing to provide a clear trail of correspondence. It will also provide clear evidence of your actions.
- If you sent your request by recorded delivery, you should give the reference number, the type of service you used and the date you sent your letter.

If after doing this you still do not receive a response, you may wish to contact the Information Commissioner's Office. See pages **34–36** for who the Information Commissioner is and how to make a complaint.

I have paid my county court judgment (CCJ) or high court judgment (HCJ), administration order (AO) or decree but my credit reference file has not been updated. What can I do?

England and Wales

County court judgment (CCJ) and high court judgment (HCJ)

- Once you have fully repaid your judgment, the court will notify Registry Trust Limited so that the register can be updated.
- If you wish, you may also apply to the relevant court for a certificate of satisfaction.
To do this you should send the court:
 - the case number; and
 - a fee of £15 (cheque/postal order payable to HMCTS).
- If the CCJ or HCJ was fully repaid **within one** calendar month from the date of the judgment, it will be removed from the register and from credit reference agency files.

- If the CCJ or HCJ was fully repaid **after one** calendar month, the register and your credit file will be amended to show the judgment as satisfied. This will stay on your credit reference file for **six years** from the judgment date.

Administration order (AO)

- Once you have repaid your AO, the court will notify Registry Trust Limited so that the register can be updated regarding this order. If you wish, you may apply to the court for a **certificate of satisfaction**. To do this, you should send the court details of the AO number and a fee of £15 (cheque/postal order payable to HMCTS). Payment of the AO will not satisfy any CCJ contained in it unless that judgment is also fully repaid.
- After issuing the certificate, the court will notify Registry Trust Limited who will amend the register and inform the credit reference agencies so they can update their records. The AO will be marked as satisfied and will stay on your credit reference file for **six years** from the order date.

Scotland

- In Scotland, judgments are called decrees and are issued by the small claims and summary causes sheriff courts.
- If you fully repay a decree, you should write to Registry Trust Limited (address on page **37**) with the following:
 - Your full name and address at the time of the decree.
 - Proof of payment (usually a receipt or letter from the claimant), which

must also contain:

- the name of the court;
 - the case number;
 - the date and amount of the decree;
 - the date the debt was repaid in full; and
 - an administration fee of £6 (made payable to Registry Trust Limited).
- Registry Trust Limited will amend the register and tell the credit reference agencies so they can update their records.
 - If the proof shows that the decree was paid **within one** calendar month of the original decree date, it will be removed from the register and the credit reference agency files.
 - If the proof shows it was paid **after one** calendar month, it will be marked as **satisfied** and stay on the register and your credit reference file for **six years** from the decree date.

Northern Ireland

- If a debt is undefended, judgments can be issued by the magistrates' court or the county courts in Northern Ireland, depending on the amounts of money owed.
- If you fully repay a judgment, you should write to Registry Trust Limited (address on page **37**) with the following:
 - Your full name and address at the time of the judgment.
 - Proof of payment (usually a receipt or letter from the plaintiff), which must also contain:

- the name of the court;
- the case number;
- the date and amount of the judgment;
- the date the debt was repaid in full; and
- an administration fee of £6 (made payable to Registry Trust Limited).

- If the judgment has been registered with the Enforcement of Judgment Office, you can contact that office (address on page **37**) asking for a 'paid in full search', which costs £6.
- Registry Trust Limited will amend the register and tell the credit reference agencies so they can update their records.
- If the proof shows that the judgment was paid **within one** calendar month of the original judgment date, it will be removed from the register and the credit reference agency files.
- If the proof shows that the judgment was paid **after one** calendar month, it will be marked as **satisfied** and will stay on the register and your credit file for **six years** from the judgment date.

I have my information but some of it is wrong. What can I do?

If your query is about the accuracy of a CCJ, HCJ or AO in the English and Welsh courts, and is not about full payment of the debt, you may ask Registry Trust Limited (address and website on page **37**) to check your entry with the courts.

If your query is about the accuracy of a decree in Scotland or a Northern Ireland judgment, you should contact the court.

If you think the electoral register information on your credit file is incorrect, you should contact the credit reference agency. If you simply need to register to vote, you should contact your local authority.

If your query is about other credit information, you can contact the **lender** or the **credit reference agency**. If you contact the credit reference agency, it will normally need to contact the lender and ask it to investigate your complaint. So you may find it quicker to contact the lender directly yourself. This will also save you having to contact each of the agencies that hold the information you think is wrong. We recommend contacting them in writing to provide a clear trail of correspondence. It will also provide clear evidence of your actions.

Contacting the lender

- Give your full name and address. It may also help to give any relevant account number or reference numbers to help them find your information.
- Explain what information you think is wrong and why.
- Provide any proof you have to show the lender why the information is wrong.
- Keep a copy of any letters you send.
- The lender has one calendar month to respond to your request to correct your information. In certain circumstances it may need extra time to consider your request and can take up to an extra two months. If it is going to do this, it should let you know within one month that it needs more time and why.
- If you do not get a response, you should send the lender a follow-up letter.

Contacting the credit reference agency

- Give your full name and address. It may also help to give your credit reference file number.
- Clearly explain what information you think is wrong and why.
- Provide any proof you have to show why the information is wrong.
- Keep a copy of any letters you send.
- By law the agency must tell you within **28** days of your letter if it has:
 - removed the entry from your file;
 - amended the entry; or
 - taken no action.
- If the entry is amended, the agency will send you a copy of the amended entry. The agency will also send the details to any lender that has searched your credit reference file in the last six months.

If, after writing to the lender or the credit reference agency, the information is still wrong or you do not get a response, you may wish to contact the Information Commissioner.

See pages **34–36** for who the Information Commissioner is and how to make a complaint.

The credit reference agency has not replied to my letter within 28 days, or it has replied to my letter but taken no action. What can I do?

You can ask the credit reference agency to add a **notice of correction** to your credit reference file. You can also write to the Information Commissioner.

What is a notice of correction?

- This is a statement of up to 200 words, which you can write. It will be seen by anyone who looks at the entry on your credit reference file and should be considered if you apply for credit.
- The notice should clearly and accurately explain why you think an entry on your credit reference file is wrong.
- If the agency thinks your notice of correction is incorrect, defamatory (affecting someone's reputation), frivolous or scandalous, or is for any other reason unsuitable for publication, it must pass the notice to the Information Commissioner. The Commissioner will then make an order to say what notice, if any, should be added to your credit reference file. See pages **34–36** for who the Information Commissioner is and how to make a complaint.

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The Information Commissioner

Who is the Information Commissioner?

- The Information Commissioner enforces the General Data Protection Regulation (GDPR), the Data Protection Act 2018 and the Freedom of Information Act 2000.
- The GDPR gives you the right to ask for a copy of information held about your financial standing and to correct any information that is wrong.

When should I contact the Information Commissioner?

There are four main reasons why you might need to contact the Information Commissioner:

1. You asked for a copy of your financial information but still have not got it, despite following the advice on pages **9–11**.
2. You contacted the lender(s) because the information on your credit reference file is wrong. You have given them at least **one calendar month** to reply and have sent a follow-up letter but they have not replied, or they have replied but the information is still wrong.

3. You contacted the credit reference agencies because the information on your credit reference file is wrong. You have given them **28 days** to reply but they have not replied, or they have replied but the information is still wrong.
4. You asked for a notice of correction to be added to your credit reference file but the credit reference agency will not add it. The credit reference agency should also write to the Information Commissioner's Office.

What should I send the Information Commissioner?

- Your full name and address.
- If you:
 - a) **asked for a copy of the information about your financial standing** but have still not received it, you should send:
 - any evidence of your request; and
 - a copy of your follow-up letter.
 - b) **contacted the lender or credit reference agency** because the information on your credit reference file is wrong, you should send:
 - an explanation of what you think is wrong and why;
 - copies of letters you have sent to or received from the lender or agency; and
 - any proof you have to show why the information is wrong;

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- c) **asked for a notice of correction** to be added to your file and the credit reference agency will not add it, you should send:
- a copy of the notice of correction; and
 - copies of the letters you have sent to or received from the credit reference agency.

What happens next?

- The Information Commissioner will consider the information you provide and may decide to contact the lender or credit reference agency for their comments.
- The Commissioner will then decide what action, if any, to take.
- You can get more information about the Commissioner and her role from our website: **ico.org.uk**



Useful addresses

Credit reference agencies

Equifax Ltd

Customer Service Centre
PO Box 10036
Leicester LE3 4FS

0800 014 2955
equifax.co.uk

TransUnion

Consumer Services Team
PO Box 491
Leeds LS3 1WZ

0330 024 7574
transunion.co.uk

Experian Ltd

Customer Support Centre
PO Box 9000
Nottingham NG80 7WF

0800 013 8888
experian.co.uk

Registry Trust Limited

153–157 Cleveland Street
London
W1T 6QW

020 7380 0133
info@trustonline.org.uk

**Enforcement of
Judgments Office**
Laganside House
23–27 Oxford Street
Belfast BT1 3LA

0300 200 7812
courtsni.gov.uk

Contact us

If you would like to contact us please call 0303 123 1113 (local rate – calls to this number cost the same as calls to 01 or 02 numbers).

<https://ico.org.uk/global/contact-us/>

September 2019

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Information Commissioner's Office