

What make a credit score?

One of the most important factors these days when arranging your mortgage or financing needs is your credit score and increasingly we get asked what can be done to improve it? We have therefore produced this easy to use guide.....

There are a number of credit “score” companies including Equifax, Experian and Noddle for example and each “scores” you in a different way. Each lender or bank will set their own lending policies to interpret the data they receive and use a different company. For example, lender 1 may use Experian and refuse to do business with anyone that has a CCJ, whereas lender 2 will use Noddle and do business where the CCJ is more than 2 years old. Understanding the differences between how the lenders score you is therefore vital and where a great broker comes in.

How to improve your score:

1. Be pro-active, obtain your credit file and take a look!
2. Maintain your payments properly and pay bills on time (obvious!)
3. Where you have any issues, contact each lender to work something out. Maintaining a repayment plan is positive, where as ignoring the debt is negative.
4. Make sure you are on the “register of electors” at home
5. Make sure you have a history of using credit properly. Take out a small credit card, get into the habit of using it for shopping or fuel and repay in full to avoid any interest payments
6. DO NOT, make multiple applications for credit in short periods of time. Lenders hate multiple applications as it may demonstrate a worsening client position
7. DO NOT use pay day loans
8. Close unwanted accounts
9. Aim to maintain a good amount of available credit. Ie: if you have a £5,000 limit on a credit card – try not to use it all!
10. If possible reduce balances to £0 regularly (eg: don’t be perpetually in debt with each facility)
11. Where your medium-term goal is to get a mortgage, make sure you do all the above in plenty of time and at least 6 months in advance of any application. The longer you have practised the above, the more likely you will have access to the best deals available!

Get a free Experian report at: www.moneysavingexpert.com/creditclub

Talk to your local experts for a free, no-obligation meeting & take control of your Financial Fortress!