



Pay Day Pointers – March 2019

What your credit report says about you It's enlightening!

If you have a credit account of any kind, you have a credit report with a credit bureau. Do you know what your credit report says about you and the way in which you manage your finances?

If you are among the 99% of South Africans who never check their credit reports, it is likely you don't know what your credit report says about you. Read on to find out exactly what a credit report is, why it is important, and how to keep your credit report positive.

What is a credit report?

Every person with any kind of credit has a credit report maintained by a credit bureau such as TransUnion and Experian, using information provided by credit providers, utilities, courts and other sources, on a regular basis.

This information includes:

- Personal information used for identification and verification.
- Payment profile - a log that shows how you pay each account each month; along with the date the account was opened, credit limit, payment terms and outstanding balance.
- Defaults and public records - if you failed to repay any debt agreement, you may have a 'negative listing' such as a default, judgement or administration order.
- Credit enquiries - where and how often you have applied for credit in the past 24 months.
- Your credit summary and score from the credit bureau, calculated by applying a mathematical formula to the data in your credit report, including payment history, level of debt, length of credit history and the number of new accounts.

Why is your credit report important?

Very few people understand that a good credit record is one of your most valuable assets. Here's why:

- It affects your ability to get credit – when you apply for any credit, the provider will assess your credit report. You will be less likely to obtain credit if you have a poor credit record.

- It impacts the interest rate and terms on a credit agreement – a good credit record is conducive to more favourable terms and lower interest rates.
- It may affect your ability to get a job – many employers check the credit records of prospective employees.
- It could impact your ability to find a home – landlords often check the credit records of prospective tenants.
- Your credit report can help protect you against identity theft, as the report will alert you to loans or accounts that have been opened illegally in your name.

What does your credit report say about you?

Your credit report is a long-term record of your financial habits and payment practices, and it provides third parties – such as credit providers, employers and landlords – with an indication of how likely you are to meet your payments. While your credit record is not the only criteria considered, it will most certainly influence their decisions.

What would they see when looking at your credit report? A credit report with up-to-date personal information, a history of long-standing accounts that are consistently paid in full and on time, says that you are likely to meet your payments. A credit report with outdated personal information, littered with continual late payments, partial payments or non-payments, as well as many credit enquiries from other credit applications, says that you may already be financially overextended and that you are less likely to pay in full and on time, every month.

Top tips for a positive credit report

- Once a year, you are entitled to one free credit report from each of the credit bureaus. Review your credit report at least annually to ensure the information is correct and that there are no signs of potential fraud or identity theft.
- Update incorrect information as soon as possible and address adverse listings on your report immediately.
- Too much debt – how much you owe and how much of your available credit you're using.
- What to do: try to keep your utilisation of your current credit facilities to less than 35 percent of your limit. For example, if you have a credit card or a store account with a limit of R1 000, try to maintain the amount owing balance at under R350.

Your financial coach is ready to help you obtain, understand and if necessary, repair your credit report.

Yours in financial wellness

Visit: <http://www.accentonyou.co.za>

Email: info@accentonyou.co.za

Call: 0861 222 368