



Cleaning up your credit file: How to boost your credit rating

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What is a credit file?

It's your financial passport or financial CV; a record of how you've managed to pay back money you've borrowed, and information like where you live and have lived in the past. It's important because this is how companies assess how you will repay debt in the future.

If you want to borrow money- for instance for a mortgage or monthly phone contract- your credit file will be checked.

What does your credit score mean?

Having a bad credit score can determine whether you're granted credit in the future, how much you're able to borrow and possibly the interest rate at which you are able to borrow. Some of the information on your credit file is something that anyone could see. That includes information about whether you've been declared bankrupt in the last six years or whether you've had a county court judgment (CCJ) registered against you.

Being bankrupt stays on your credit file for six years from when you've been declared bankrupt (5 years from discharge, in most cases). If you apply for a mortgage you will be asked if you've been declared bankrupt, but possibly not for other credit.

Why is it important to see your credit file?

It's a really good idea to see your file so you can correct mistakes, see what's being said about you, make sure you've not been the victim of ID fraud, and improve the information on your credit file - if you need to (maybe because you're thinking of applying for a mortgage etc.)

How can you get hold of your credit file?

There are three credit reference agencies: [Equifax](#), [Experian](#) and [Call Credit](#).

You have the legal right to pay for a copy of your credit report, which costs £2; or you can get it for free, but normally only if you sign up to a 30 day trial of a paid for service. There is one credit file provider that lets you sign up to see your credit report free for life.

What can you do if there's a mistake?

Get in touch with the credit reference agency, telling them what you think is wrong and why. The credit reference agency will contact the organisation (eg bank, credit card provider) that has given them the incorrect information. It then has 28 days to correct the information, remove it from your file or do nothing. At the very least, the credit reference agency has to give you an update on how it's dealing with your case. In the meantime, any information that you have told them is inaccurate, is marked as 'disputed' and prospective lenders are not allowed to rely on it when working out whether or not to give you credit.

How can you 'clean' up your credit file?

Notice of Correction

It may be that the information that appears on your file is correct, but doesn't reflect your circumstances at the time. If that's the case, you can add a short 200-word statement (called a notice of correction) explaining what happened.

- Because lenders are currently scrutinising credit reference files so closely, I'd strongly recommend that you add a notice of correction to your file if there's a particular reason why you missed your payments. Keep the explanation as factual as possible.
- SAVVY TIP: Once you add a notice of correction, it means that any application for credit won't be assessed automatically, but by a human. Expect any decisions about whether or not to grant you credit to take longer.
- If you've complained about a mistake and it's not being dealt with or you haven't had the response you want, you have two options: You can complain to the [Financial Ombudsman Service](#), which is a free complaints service that covers the whole of the financial services industry; you can also complain to the [Information Commissioner](#), which oversees the way companies keep and exchange data about us.

Linked credit files

- If you have a loan or a mortgage with someone else, your credit report will be linked to theirs. If a prospective lender wants to work out whether or not you're a good risk, they'll do a search of your credit file. And it's not just your details they'll be interested in. If you've taken out a joint loan or mortgage with someone else, your file will say that you have a *financial association* with them and the credit company can link through to their file.
- In order to have the link between your files removed, you have to create a notice of disassociation. This involves:
 - Closing joint loans or bank accounts that have an overdraft facility.

- Taking over accounts for services (such as telephone, gas, electricity etc.) that were previously in joint names - or closing them.
- Having an independent income and being able to demonstrate this.

Joint mortgages

- In some circumstances, it may be possible to create a disassociation even if you and your ex still have a joint mortgage. It's not possible to do this if you still live in the same property. If you live at separate addresses, but were unable to take over the mortgage in your own right (or if your partner was unable to do so), the credit reference agency may still be prepared to disassociate you as long as you've been living apart for six months or more and all other financial links have been broken.

Notice of disassociation

- Once you've closed accounts so that you have no financial link with your ex-partner you should contact the credit reference agencies and ask for the financial association or link to be severed. You normally have to fill out a short form, which you may be able to do online. It will ask a number of questions, such as where you've lived over the last six years and other names you and your ex have been known by. It will also ask you to confirm that you have no joint accounts that offer you credit (including joint bank accounts).

Top tips: Simple things that can affect your credit file

1. Not paying credit on time
2. Not being on the electoral register
3. Applying for lots of credit
4. Being at the limit of your credit card