

Check your credit rating before applying for credit

Before applying for credit, consumers must ensure that their credit bureau records are updated. This is the advice of credit Ombud, Manie van Schalkwyk who adds that many consumers who apply for credit, find out that their application has been turned down because of negative credit information held with a credit bureau.

"Of all our cases last year, 70% of consumers contacted the Credit Ombud office for assistance after their credit application has been rejected due to a negative listing on their credit."

Most credit providers use credit bureau information when undertaking credit assessments and granting finance to credit applicants. The credit profiles are also used to determine interest rates and the terms of business.

According to National Credit Regulator (NCR) statistics, a total of 199.26 million enquiries were made on consumer credit records for the quarter ended March 2011, an increase of 12.8% on the previous quarter. This was an increase of nearly 60% compared to the previous year.

"These statistics show more people are applying for credit compared to a year ago," says van Schalkwyk. "According to the NCR however, there was a marginal increase in the rejection rate of credit applications to nearly half of all applications, from 43.21% to 43.25% for the quarter ended March 2011."

Yet enquiries initiated by consumers accounted for just 11.07 million of the total enquiries, a decrease of 5.2% quarter-on-quarter, although an increase of 12.4% year-on-year.

"Most consumers leave it up to the credit provider to check their credit history with a credit bureau when applying for credit," he says.

Van Schalkwyk explains that in order to ensure their credit records are up-to-date, consumers are entitled to a free copy of their credit bureau record from any one of the registered credit bureaux annually.

"In addition to the free report, consumers' credit reports can be obtained from credit bureaux for a minimum R20.00 per copy of the report," he says.

Van Schalkwyk says consumers who feel that they are listed unfairly or that there is incorrect information listed at a credit bureau and have unsuccessfully tried to rectify the situation can contact the Credit Ombud Office for assistance. This service is provided free of charge to consumers.

"If we agree that a consumer's listing is incorrect, our decisions are binding on credit bureaux and their subscribers, but not to consumers and businesses," explains van Schalkwyk. "It's in consumers' interests to ensure that their credit information is up to date."

Of note was that enquiries to credit bureaux from banks and other financial institutions accounted for 65.4%, retailers 9.7% and telecommunications providers 13.1% over the past quarter. However, although enquiries from banks and other financial institutions increased by 36.1% on the previous quarter, enquiries from

retailers decreased by 26.7% and telecommunications providers by 0.5%.

The number of credit reports issued to consumers increased to 97 578. Of the total credit reports issued, 83.2% (81179) were issued without charge, and the remaining 16.8% (16399) were issued with charge. If consumers defaulted through no fault of themselves but latter rehabilitated themselves, should Credit Ombud rule in their favour, relevant negative credit information may be removed from their credit bureau records before it reaches its natural retention period.

For more information, go to www.creditombud.org.za.

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