



EMPOWERMENT FOR THE FUTURE

Know the Score

Understanding Your Credit Score

Equifax

1(800) 465-7166
www.equifax.ca

TransUnion

1(866) 525-0262
www.transunion.ca



What is a credit report?

A credit report is a snapshot of your credit history and is one of the main tools lenders use to decide whether to give you credit. It is an accumulation of information about how you pay your bills, repay loans, how much credit you have available and other types of information that help a potential lender decide whether you are a good credit risk or a bad credit risk. There are two major credit reporting agencies in Canada; Equifax and Trans Union.

Who has access?

When you sign documents, such as a loan or credit card application, you are allowing that organization to check your credit history. Lenders

require this authorization before they will extend you any credit. Credit reporting agencies can reveal information to someone from your credit report only when you have given permission and when the request is related to credit, collection of a debt, rental of a house or apartment or the application for employment or insurance.

Why is good credit important?

- Helps you get the best possible interest rates
- Used by some landlords and utility companies
- A credit card may be necessary for car rentals and hotel reservations
- Some employers require a credit check prior to hiring
- Immigration and Emigration

Report Scale:

Creditors report to reporting agencies when consumers pay, or don't pay, as agreed. The best rating on this scale is a "1" rating.

Usual manner of payment	O	R	I	M
Too new to rate; approved but not used	0	0	0	0
Pays (or paid) within 30 days of billing; pays account as agreed	1	1	1	1
Pays (or paid) in more than 30 days, but not more than 60 days; or one payment past due	2	2	2	2
Pays (or paid) in more than 60 days, but not more than 90 days, or two payments past due	3	3	3	3
Pays (or paid) in more than 90 days, but not more than 120 days or three payments past due	4	4	4	4
Account is at least 120 days overdue but is not yet rated "9"	5	5	5	5
Making regular payments under consolidation order or similar arrangement through a third party	7	7	7	7
Repossession				
(Indicates if it is a voluntary or involuntary return of merchandise by the consumer)	8	8	8	8
Bad debt; placed for collections; skip; bankruptcy	9	9	9	9

Account Terms: O=Open R=Revolving I=Installment M=Mortgage

What is a credit score?

It is represented by a number on a numeric scale, from 300 to 900. Lenders use this to determine your credit worthiness and also to set the interest rate you will pay. The amount you are eligible to borrow is calculated by using your credit score in a formula based on the lenders criteria. High scores on the scale are good. The higher your score is, the lower the risk for the lender. It is important to note that mortgages are not included in the calculation of the credit score.

What factors influence your credit score?

It's all in the math. Factors such as: your payment history, any collection activity or bankruptcies recorded against you, outstanding debts, your account history, the number of recent inquiries made about your credit report and the type of credit you are using. The most important factors are your payment history, whether you have declared bankruptcy and the amount of your outstanding credit balances. Your mortgage information and any personal inquiries you have made may also be included in your credit report, but usually do not influence your credit score.

How long do these factors affect your credit score?

TransUnion				Description	Equifax			
NB	NS	PEI	NL		NB	NS	PEI	NL
Years					Years			
6	6	6	6	Credit Transactions	6	6	6	6
(from date of delinquency)					(from the date of last activity)			
3	3	3	3	Credit Inquiry	6	6	6	6
(from inquiry date)					(from the inquiry date)			
7	6	10	7	Judgments	6	6	7-10	6
(from reporting date)					(from the date satisfied or deposit)			
6	6	6	6	Collections	6	6	6	6
(from date of delinquency)					(from the date of last activity)			
5	5	5	5	Secured Loans	6	6	6	6
(from the filing date)					(from the filing date)			
7	7	6	7	Bankruptcy	6	6	6	6
(from the discharge)				(Multiple 10-14 years)	(from the discharge date)			
3	3	3	3	Registered Consumer Proposal, Orderly Payment of Debts	3	3	3	3
(from the date satisfied)					(from the date paid)			
2	2	2	2	Credit Counselling	3*	3*	3*	3*
(from the date satisfied)					(from the date paid)			

* They will purge after 2 years when contacted by a Credit Counselling agency

How can I fix an error on my report?

- Contact the credit reporting agencies
- Fill out the required forms
- Submit the information
- Allow time for an investigation
- Do not apply for credit until the issue is resolved

Should I use a credit repair service?

No. If there is inaccurate information on your file, Equifax and Trans Union will amend it, at no charge to you. Information that has been reported correctly cannot be removed until the reporting time limit has passed. These repair agencies charge a high fee to do what you can do yourself.

How do I maintain good credit?

- Always pay on time (due date)
- Make the minimum payment
- Minimize the amount of open credit lines
- Keep your balances below the credit limits
- Close any unused accounts
- Only apply for credit when necessary
- Avoid finance companies
- Clear up any unpaid or past due accounts
- Check your credit report annually to make sure it is accurate. This will also protect against identity theft/fraud.

