



Guide to your Credit Rating

Credit is an important part of life for many people in Ireland. We use it regularly to buy goods or services. Sometimes people use credit for daily essentials such as petrol or groceries. Not being able to get credit can affect your whole way of life.

You will often come across phrases such as 'terms and conditions apply' or 'loans subject to status'. This is because banks and financial institutions need to be sure that potential borrowers will be able to repay their loans. They do this by checking your 'credit rating' through a credit rating agency such as the Irish Credit Bureau (ICB).

Q. What is credit rating?

A. Your credit rating shows your record in paying back any loans that you have taken out in the past. It will show lenders if you have failed to pay back any of your debts in full. It will also show if you applied for any loans. Before giving out a loan, most lenders check your credit rating.

Q. What does the Credit Rating Agency do?

A. A credit rating agency keeps computerised records on credit agreements. These records show who has taken out loans and how they have performed in paying back those loans. Many banks, building societies, finance companies and some credit unions, are registered members of credit reference agencies. This means that they can check the records from many different kinds of lenders.

Q. What rights do I have with regard to information held about me?

A. You have a right to know what information is held about you, in any format. You have the right to dispute inaccurate information on your credit file, and to have mistakes corrected. But, you cannot get information removed if it is a true reflection of your repayment history.

Q. What about computer records?

A. The records of credit reference agencies are kept on computer. When you enter into a credit agreement (such as taking out a loan) with a bank, building society, finance company or credit union that is a member of a credit rating agency, you agree that the lender may use the information you give them for the purposes of credit checking. This is normally contained in the small print on the loan application form.

Your details are placed on the credit rating agencies files and all the members of the credit rating agencies can check your records there.

From then on, every time you apply for credit from a lender that is a member of the credit rating agency, that lender will search the credit rating agencies records. Your file usually contains details on whether your loans are paid up to date or in arrears. They can also check if any legal action has been taken against you.

Q. Do I have a right to credit?

A. No. Nobody has a right to credit, but you do have a right to know what information is held about you by credit reference agencies. You can also have inaccurate information about you corrected.

Q. What about Data Protection?

A. The Data Protection Acts 1988 and 2003 (as amended) are designed to protect your personal information. This applies whether the file is on a computer or a paper file. The Act gives you important rights to ensure that the computerised information is accurate and that institutions use it appropriately. The Acts guarantee you a right to see and check all information kept about you on file.

You can get further information from the website of the Office of the Data Protection Commissioner at www.dataprotection.ie.

The Act also gives you the right to have any incorrect information about you amended or deleted, as appropriate. If you are unhappy with the ICB's response, you have the right to refer the matter to the Data Protection Commissioner. The Data Protection Commissioner has the power to investigate complaints and enforce the Act's provisions.

If your details are with the ICB, you can get an application form on the ICB website and you can send this to the ICB with a payment of €6. You can also apply for a copy of your credit record directly on the ICB website.

If you would like to see your credit records, contact the ICB at:

Irish Credit Bureau
Newstead, Clonskeagh Road, Dublin 14.

You can also check their website at www.icb.ie or phone them on (01) 260 0388.

Q. What if my credit situation seems to be out of control?

A. Don't panic. You are not alone. More and more people are having problems paying back loans. Your creditors are likely to be sympathetic to your situation if you are open and honest with them. If you are having difficulty keeping things under control, it is a good idea to take stock of your situation by making a household budget.

Q. How do I make a budget?

A. Take a piece of paper and, on one side, write down the money you have coming in each week or month. On the other side, make a list of all your weekly or monthly spending and commitments.

Try to be honest with yourself and involve other family members if possible. You can use the MABS interactive Budgeting Tool and a budget sheet listing a number of common household expenses on the MABS website at www.mabs.ie, or call the **MABS Helpline** on **0761 07 2000**, Monday to Friday 9.00 am to 8.00 pm, or call any MABS local office.

Add up everything and identify areas where you might be able to increase your household income or cut back on spending. Seeing the full situation on paper can help you to identify how much you can realistically afford to pay back.

If it is clear that you cannot afford your repayments, sending your lenders a copy of your budget is often an effective way of persuading them to accept reduced payments over a longer period.

If you need help with this, please contact the MABS Helpline to speak to a Money Adviser in confidence on **0761 07 2000**

Monday to Friday, 9.00 am to 8.00 pm.

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The Money Advice and Budgeting Service has helpful information, interactive budget sheets and sample letters available online at www.mabs.ie. Advice and information is also available by calling the MABS Helpline 0761 07 2000 (Monday – Friday 9.00 am to 8.00 pm.) and from over 60 offices nationwide.



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