

FIND OUT ABOUT YOUR CREDIT SCORE

CREDITSMART.ORG.AU
CLEARER CREDIT HISTORY

DID YOU KNOW?

- A credit score is a snapshot of your credit health, derived from your credit report
- A third of consumers don't know the difference between a credit score and a credit report

(Source: CreditSmart research April 2018)

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Be CreditSmart - Understand your credit score

Your credit report contains 'raw' data about your credit history. This credit report data may be condensed by a credit reporting body into a single number, or 'credit score', as an indicator of your credit health which can be used to compare you to other borrowers.

When you apply for credit, the credit provider will usually get your credit report and may also get your credit score to help them to decide whether to lend to you and how much to charge for interest - so it's important to keep your credit score as high as you can.

If you're following our CreditSmart tips to improve your score, you'll need to show patience as changes to the raw data in your credit report might take a while to show through.

Keeping an eye on your credit score is a simple way of checking how your credit health is tracking. If your credit score goes up, you know that your credit report is looking better to potential credit providers. If it goes down, it probably means that there is something on your credit report that is making you look less creditworthy.

Keep in mind - each credit reporting body will use their own method to calculate your credit score, potentially using different bits of information about you - and the score that you get from any particular supplier is only an indication of how that credit provider see you.



Get your FREE credit score

Once you've got a copy of your credit report, you might still be wondering whether you look good to a credit provider. Or you might want to track whether your credit report is getting better as a result of following our CreditSmart tips.

Visit the following websites for your credit score:

- www.creditsavvy.com.au
- www.creditsimple.com.au
- www.getcreditscore.com.au

Each of these websites has a relationship with a credit reporting body and gives you a free score created by that business and based on the information held by that credit reporting body. The websites give you access to your credit score for free as they use your information to market things to you. If you're worried about how they will use your information, make sure you have a close read of the website's privacy policy (which should also tell you how to opt-out of getting the marketing material if you don't want it).

Just remember, the score that matters for your next credit application will depend on which credit reporting body the credit provider uses – or even if they use a credit score at all when assessing your application. But keeping an eye on your score from one or more of the websites can still be a great way to keep track of your credit health and how it is changing over time.



Can I change my credit score?

Your credit score, calculated by a credit reporting body, is a combination of the raw data about you in your credit report.

Generally, the higher your score, the better.

While you can't change the formulas that are used to create your credit score, you can impact the information on your credit report from which the credit score is derived.



Improving your credit score

If you manage your credit effectively, this should be reflected in your credit score calculated by a credit reporting body.

Tips to improve your credit score:

- Firstly, pay your credit card bills and loan repayments on time. This is the single most important thing you can do to improve your credit score.
- Secondly, check your credit report – so you know if there are any issues.
- And thirdly, don't borrow more than you can handle.

Even if you have signed up to one or more of the credit score websites, it's still a good idea to request your free copy of your credit report each year from the credit reporting bodies. This will help you understand some of the information which may have been used to calculate the credit score you get through the website – and will let you double check that the information is all correct. Check out www.creditsmart.org.au to find out how to request your credit report.



Want to learn more?

Credit providers like banks, credit unions and finance companies will look at your credit score, but they'll also look at whether you can afford to repay the loan by considering your current income and expenses, including existing loan repayments.

If the credit provider doesn't think that you can afford to pay the loan back, they won't approve you even if your credit score is high.

For more information, visit www.creditsmart.org.au