

TOP 5 MYTHS ABOUT CREDIT REPORTING

Setting the record straight on myths and misconceptions about comprehensive credit reporting

On 12 March 2014, reforms to Australia's Privacy Act 1988 saw extensive changes to the credit reporting system, providing a clearer picture of a consumer's ability to repay debts, enabling better matching of consumer credit needs, and giving fairer access to credit with increased consumer protections.

CreditSmart's top five myths and misconceptions about comprehensive credit reporting

- 1 MYTH** My credit report will show a default, or 'black mark' if I pay my bills late

FACT Payments over 14 days late may be recorded as 'late payments' - which are less serious than 'defaults'.

These 'late payments' on your credit report can only be recorded for consumer credit products such as credit cards, personal loans, auto finance and mortgages, not for telecommunications and utilities accounts.

A 'default' can only be recorded for a payment which is over 60 days overdue, for debts over \$150, and where written notifications have been sent.
- 2 MYTH** I don't need to check my credit report if I pay my accounts on time

FACT You should check your credit report annually to make sure there are no errors and that you haven't been a victim of identity theft.
- 3 MYTH** Your credit report is the only thing that determines whether or not you get credit

FACT Each credit provider has its own credit assessment process. For those that use credit reports, the report will be just one part of their assessment.
- 4 MYTH** I need to pay someone to fix or repair my credit report

FACT This is false. Free help is available from credit reporting bodies, your credit provider, financial counsellors, ombudsmen, or community legal services.

In the new credit reporting system, your new consumer rights mean it is easier to get errors fixed yourself, for free.
- 5 MYTH** Too many credit enquiries can have a negative effect on my credit report

FACT A credit enquiry occurs when a credit provider checks your credit report when processing an application for credit.

From March 2014, your credit report may show where an enquiry led to a grant of credit, which may give credit providers a clearer picture of your current credit accounts.

Checking your own credit report has no impact on your credit history.

Visit www.CreditSmart.org.au

CreditSmart is an information website developed by credit experts in conjunction with consumer advocates and government bodies to help you understand the credit reporting reforms.

Our goal is to help you understand how these credit reporting reforms affect you, by providing unbiased and fair information.

This fact sheet was developed by the Australian Retail Credit Association (ARCA).