

African Bank Limited press release

September 2017

### **Improving your credit score**

Have you ever applied for credit and been turned down because of a negative credit profile or because you were considered high credit risk? For many of us this often comes as quite a shock.

African Bank's Group Executive: Sales, Branch Network, Mellony Ramalho says many South Africans are surprisingly unaware of the importance of a good credit profile, many do not know what a credit profile even is, and even if they do, they seldom check their own personal credit profile.

So what is a credit profile? "It all starts with information from the Credit Bureaux," says Ramalho. The organisations record all credit applications, credit agreements, payment history and payment behaviour, as well as other consumer credit related information. "Your information - both positive and negative - is stored by the various Bureaux. Importantly to get good credit, it is better to have credit." Ramalho explains that good credit profiles are gained when you borrow money and pay it back on time and for the full amount.

If you default on payments your credit profile is affected, which could make it much more difficult for you to obtain credit in future years. "While adverse legal information is cleared as soon as the account is settled, the negative repayment history however remains for a couple years," explains Ramalho.

She provides the following useful guidelines on how to access and improve your credit profile:

- Look at the accuracy of your credit reports and credit score:

You can do your own credit check free of charge every 12 months through one of several Credit Bureaux such as:

TransUnion - 086 148 2482

Experian - 086 110 5665

Xpert Decision Systems (XDS) - 086 112 7334

Compuscan - 086 151 4131

If you find you have an unhealthy credit profile, investigate the reasons listed. A big part of improving your credit profile is determining what caused it to be unhealthy in the first place. Was it one dramatic incident, like a foreclosure or bankruptcy? Or was the problem a series of smaller things, like late and missed payments that went on for a period of time?

Important information that you should take note of on your credit report includes the following:

- Is all personal information up to date, including your address, contact details, etc?
  - Have any accounts have been opened fraudulently in your name?
  - Are there any enquiries reflecting on your credit report that have been made by credit providers you have no relationship with?
  - Are there any accounts that you have closed that still reflect as open on your report?
  - Are there any accounts that are still open, but reflect as closed on your report?
- Improve your credit score

There are a number of ways to improve your credit profile. It starts by keeping outstanding balances relatively low on credit cards and other credit accounts. High outstanding debt can affect your ability to repay credit, so importantly, only apply for and open new credit accounts as and when needed and don't open accounts just for the sake of it. "Rather pay off debt than simply move it around," says Ramalho.

"Of interest, it is not only an unhealthy credit history that may affect your ability to get credit. A lack of positive credit information e.g. not having a history of paying on time, can cause an application to be declined or can result in an increased 'cost of credit' and will have a notable impact on the amount that you need to repay," says Ramalho.

- Protect existing credit

If your credit history is unhealthy but you still have credit or retail accounts, Ramalho recommends settling those you can but not closing them entirely. Remember you need credit to get credit and the length of your loan period can work in your favour. The older the loan the better.

- Eventually apply for new credit

If badly managed credit may have cost you all your credit cards. Eventually you may consider getting one or two new cards once your rating has improved.

“It’s never too late to begin working towards an improved credit profile. After all, it could be the difference between you being able to purchase your dream house, finance a vehicle, pay emergency medical expenses or further your studies one day. As a rule generally avoid using credit for consumption spending,” says Ramalho.

Finally if you are listed negatively on the credit bureau you do have certain rights. You can challenge the information if you believe it is incorrect.

Step 1 - Contact the bureau in question

Step 2 - If you are not satisfied with the findings you can call the Credit Ombudsman on 0861 662 837

Step 3 - If you are still unsatisfied you can lodge a complaint to the National Credit Regulator (NCR) by calling 0860 627 627

Ends

Visit the African Bank [website](#) or like them on [Facebook](#)

PREPARED ON BEHALF OF AFRICAN BANK BY CATHY FINDLEY PR. CONTACT JACQUI RORKE ON [JACQUI@FINDLEYPR.CO.ZA](mailto:JACQUI@FINDLEYPR.CO.ZA) OR (011) 463-6372 WITH ANY CONSUMER PR QUERIES.