

## How credit scoring works



## SECTION 1

### What's credit scoring?

Whenever you apply for a credit card, lenders like us will take a look at your credit score. It helps us decide whether to say yes to your application, how much you can borrow, and what your interest rate should be.

Your score is held by the Credit Reference Agencies (CRAs) and it's made up of a range of different factors, including your financial situation now, and how you've managed money in the past.

It's also used to help make sure your account is working for you – for instance, figuring out practical credit limits.

### Why does Barclaycard Commercial use credit scoring?

We wouldn't be acting responsibly if we lent you more than you could realistically afford to repay. Credit scoring helps us work this out when it comes to card applications, deciding what your credit limit should be, and what interest rates we can offer you.

Credit scoring is designed to protect you as well as us. It means all applications are reviewed in the same way and potential customers are treated fairly.

We test our systems regularly to make sure they're unbiased, but we can't give you precise details of how credit scoring works – this could affect the security of the scores and may increase the risk of fraud.

### What information does Barclaycard Commercial check?

We look at three kinds of information:

- what you put on your application form
- any details we already have about you
- data from CRAs and fraud prevention agencies

If we get in touch with other organisations about you, you can ask us to give you their details.

When we've weighed up all the information, we'll let you know if we think it means we can accept your application. If we have to turn down your application, we won't pass on details of our decision to any Credit Reference Agencies.

### What happens if you turn down my application?

Different companies have different scoring systems and policies on lending. So though we may turn down your application, other lenders may accept it (and vice versa).

If we can't approve your application, we'll let you know why. For example, it might be because:

- you haven't passed our credit score
- one or more of the CRAs may have given us some relevant information
- you haven't met one of our conditions (for instance, we won't lend money if your level of income or turnover suggests you may have difficulty paying us back)

You have the right to ask us to reconsider our decision. In that case, we'll ask you for additional information. If, after looking at this, your score still doesn't reach the required level, we may still turn down your application. Again, if this happens, we won't share details with the CRAs.

## SECTION 2

### How do I get a copy of my credit reference report?

As a Barclaycard customer, you can get this online directly from Experian:

- for personal accounts, go to [experian.co.uk](https://experian.co.uk)
- for business accounts, visit [experian.co.uk/business-express](https://experian.co.uk/business-express)

If you're a sole trader or partnership, you can get a copy of your credit report by:

- downloading an application form at [experian.co.uk/assets/consumer/stat-report/Stat-credit-report-app-non-limited.pdf](https://experian.co.uk/assets/consumer/stat-report/Stat-credit-report-app-non-limited.pdf)
- calling Experian on [0844 481 8888](tel:08444818888)

## SECTION 3

### What information's on my credit reference report?

We've outlined the kind of things that go on your report below.

#### Your Electoral Roll details

Also known as the Electoral Register, this lists the name and address of everyone in the UK who has registered to vote. Organisations like ours use the Electoral Roll to confirm your name and address. This helps to prevent fraud, in particular money laundering.

#### Public information

If you've ever been taken to court for not paying back a debt, this will show on your report as a County Court Judgment (CCJ). But if you pay the judgment within one month, it'll be removed from your credit report. Court information is taken from Registry Trust Ltd, an independent organisation set up under the control of the Department for Constitutional Affairs.

Information about bankruptcies comes from the Insolvency Service. If a bankruptcy order ends, the Insolvency Service should let the Credit Reference Agencies know. You can also send the CRAs a copy of the discharge certificate or letter from the Official Receiver and they'll update their records. If the record hasn't been updated, you should get in touch with the court. You can ask them for a 'Certificate of Satisfaction' as proof of payment (there is a fee for this).

Any Individual Voluntary Arrangements (IVAs) you have are also shown on your report.

CRAs share information like this with financial institutions for three main reasons:

- to assist with lending decisions
- to confirm customers' address details
- to help prevent fraud

#### Credit account information

Major lending companies (like us) share their customers' credit arrangements with CRAs. This shows how our customers have repaid previous and existing credit. Each month, we update this information, and these details can only be changed with our permission.

When we get a new application, we take information from the CRAs to help us make the decision whether to accept it or not.

#### Previous search information

This is a record of any organisations who've searched your report. They may have done this to check your identity or to help decide on an application for credit.

#### Linked addresses

These help lenders to track your account when it moves between addresses, like when you move house.

#### CIFAS

The Credit Industry Fraud Avoidance System is the UK's Fraud Prevention Service. If a lender discovers fraud (or attempted fraud) on an account, it may place a CIFAS marker on your credit reference report to warn future lenders and protect innocent customers.

#### GAIN (Gone Away Information Network)

This is how lenders pass information to CRAs when customers don't keep up to date with their repayments and then move without giving new address details.

#### Council of Mortgage Lenders' (CML) repossession register

A register of people who've had a property repossessed or have given it up voluntarily. Only CML members are allowed to see this information.

## Alias/Association information

This is a list of any other names a customer has used in the past – including those used to hide their identity. Of course, there can be innocent reasons for this – e.g. a married woman may have her maiden name listed.

If you are, or have been married or financially linked to another person and share (or shared) a joint account, details of this will appear on your credit report. So will details of any joint applications you make, or have made in the past.

This information will be taken into account with any new application you make. Financial information about any associates won't appear on your credit report, so they'll need to apply for their credit report separately.

If you're no longer financially connected to anyone else, you can write to the CRAs to let them know, so they can remove any link on their data – this is called a disassociation. You'll find contact details for the CRAs in Section 2.

## Notice of Correction

If you think an entry on your credit file is wrong, if there are personal circumstances that you think should be taken into account, or if you think it gives a misleading impression, you can create a Notice of Correction. This is a statement of up to 200 words that's taken into consideration alongside your credit file.

Here's an example:

"I, Mr Anthony Person of [address], would like it to be known that the Judgment recorded against me for **£[amount]** relates to a bill which I could not pay because I was made redundant. I paid the bill in full after I got a job. I would ask anyone searching this file to take these facts into account."

### As well as the information above, the following information may also be taken into account

- Statutory documents and financial accounts filed at Companies House – including profit and loss, balance sheets, cash flow statements, share capital structure, detailed shareholders and corporate structures
- Current previous directorship details
- Legal notices (e.g. winding-up petitions)
- Payment profile of company
- Company identification details (e.g. legal form, date of incorporation, principal activities etc.)

## How long does information stay on my credit report?

**Electoral Roll** information is held indefinitely.

**Public information** like CCJs, bankruptcies, IVAs, Administration Orders etc., are kept for six years from the date they begin, unless set aside or recalled by the courts.

**Credit account information** is held for the lifetime of the account and then for a further six years from the date the account was settled or closed.

A defaulted account will remain on your credit report for six years from the date of the default. When the debt is repaid, the entry on your credit report should be marked as settled or satisfied.

**Search information** is held for 12 months at Experian.

## Some of the information on my credit report is wrong. What can I do?

If your query's about a CCJ, Admin Order or decree and isn't about full repayment of the debt, contact the court for help. The entry in your credit report will give the name of the court, the relevant date and the case number.

If you need info about the Electoral Register, contact your local authority who should be able to help.

For questions about other credit information, you should write to the lender. Give them your full name, address, any relevant account or reference number, and explain what information you think is incorrect and why. You'll see the lender details on your credit report.

**Remember – keep a copy of any letters you send.**

## SECTION 4

### How to improve the information in your personal credit report

#### Keep up to date with payments

Pay your existing credit card bills and other payments on time – it'll show you're likely to be able to meet future financial commitments.

#### Be patient, not persistent

If you're refused credit for a product or service, don't keep on reapplying – this may lower your score further. Wait a few months before you apply again.

#### Get yourself on the Electoral Register

Banks, credit card, finance companies and retailers carry out this standard check to ensure you are/have been registered at the address(es) you provide.

#### Don't be vague about where you've been

If you've moved a lot in the last three years, don't be tempted to leave out any previous addresses. This could be viewed as a deliberate attempt to hide unpaid credit at that address.

#### Or what you've been up to

Missed repayments or CCJs (County Court Judgments) can be very easily traced. So if you've experienced these kinds of difficulties in the past, be upfront about them.

#### Settle bad debts first

Although unpaid credit and CCJs will remain on your file for six years, they'll be marked as settled once you pay the debt. This could be taken into account when you're making future applications.

#### Check your report and fix any inaccuracies

Everyone's entitled to see their credit report. If you can't see a good reason why you should be refused credit, it's an idea to get hold of yours – ask a CRA for a copy. This will show you all the information about you that lenders and retailers can see.

Check all the details carefully. If you find any errors, you can appeal to the agency or to the lender. You can also add a Notice of Correction (see Section 3) to explain any special circumstances.

## SECTION 5

### Difficulties with repayments?

If you feel as if you're out of your depth and you want more help, don't be tempted to use a debt management company. Some may charge you a fee, which will mean you'll end up owing even more. There are plenty of reputable organisations who'll give you impartial, free advice:

#### Citizens Advice (CA)

The CA have trained specialist advisers who will be able to help you to reorganise your finances and deal with CRAs and lenders. To find your nearest CA, check your local phone book or look in the Yellow Pages under 'Counselling and advice'. Alternatively, visit the CA website at [citizensadvice.org.uk](http://citizensadvice.org.uk)

#### Payplan

Payplan provides expert advice on dealing with debts. You can call Payplan on [0800 917 7823](tel:08009177823) or visit their website at [payplan.com](http://payplan.com)

#### Advice UK

Find your nearest information and advice centre at [adviceuk.org.uk](http://adviceuk.org.uk) or call [0300 777 0107](tel:03007770107)

#### StepChange Debt Charity

For debt advice throughout the UK, phone [0800 138 1111](tel:08001381111) or visit [stepchange.org](http://stepchange.org)

You'll find further independent guidance on the Financial Conduct Authority (FCA) website at [fca.org.uk](http://fca.org.uk)

## This information is available in large print, Braille and audio format by calling 0800 008 008.\*

\*Calls to 0800 numbers are free from UK landlines and personal mobiles, otherwise call charges may apply. Calls to 03 numbers use free plan minutes if available; otherwise they cost the same as calls to 01/02 prefix numbers. Calls to 0844 numbers will cost no more than 7p per minute plus your phone company's access charge. International calls will be charged at a higher rate. Please check with your service provider. Calls may be monitored or recorded in order to maintain high levels of security and quality of service.

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