

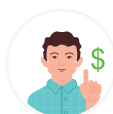
CREDIT SMART

KEY THINGS TO KNOW ABOUT YOUR CREDIT HEALTH



- BE CREDIT SMART
- MANAGE YOUR CREDIT HEALTH
 - o *Your Credit Report*
 - o *Check Your Credit Report*
 - o *Fix Any Errors In Your Credit Report*
- YOUR CREDIT SCORE
- KEEP YOUR CREDIT REPORT HEALTHY IN 5 STEPS
- BEWARE OF COMPANIES OFFERING CREDIT REPAIR
- BUY NOW PAY LATER & YOUR CREDIT REPORT

BE CREDIT SMART



Information on more than **92%** of consumer credit accounts are reported by lenders into the credit reporting system.

DID YOU KNOW?

Credit plays a huge role in the lives of many Australians. Almost 80% of us currently have some form of credit product*.

The most popular types of credit include credit cards, home loans, vehicle finance, Buy Now Pay Later services, and personal loans.

THE AUSTRALIAN CREDIT REPORTING SYSTEM

Credit reporting is the sharing of information between credit providers and credit reporting bodies about the lending products you have, such as credit cards, personal loans, home loans and overdrafts. Australia's credit reporting system is known as Comprehensive Credit Reporting (CCR). This system includes both positive and negative credit data about their customers' credit histories. This provides a more complete picture of a customer's situation and means that credit providers are better able to match their provision of credit to a customer's individual needs.

* Source: CreditSmart research/PureProfile March 2021

MANAGE YOUR CREDIT HEALTH

YOUR CREDIT REPORT

WHAT IS A CREDIT REPORT?

When you apply for a loan, credit or some Buy Now Pay Later services, credit providers will check your credit report to assess how well you manage your existing debt.

60%

of people don't know what information is included in their credit report*

* Source: CreditSmart research/PureProfile March 2021

JOANNE LEE SMITH'S CREDIT REPORT

Report Number/Reference Number: 134

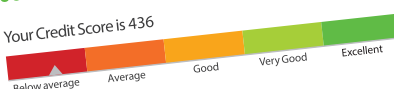
PERSONAL INFORMATION

Joanne Lee Smith
Gender Female
Other Names Joanne Lee Duncan
Date of Birth 10/02/1963
Driver's License 035507539
Employer North Darley Private Hospital
Current Address 12...

This section shows the personal information that is used to assist in identifying you. As well as your current address, it also addresses it names in change due to instances or

SUMMARY OF INFORMATION CONTAINED WITHIN THIS REPORT

Your Credit Score is 436



Consumer Credit Information

Consumer Credit Accounts	3
Defaults reported	2
Serious Credit Infringements	1
Credit Enquiries	3

Commercial Credit Information

Your Credit Score may be shown. This is typically a number between 0 and 1000 (or between 0 and 1200 if obtained from Equifax) that represents a numerical estimate of your overall creditworthiness based on the credit risk assessment models of that specific credit reporting body.
The higher the score, the better it is. Factors that might influence your credit score include the number and type of credit accounts you hold, whether or not you typically have late payments and whether or not you have defaults.

Your credit report contains your financial information, including repayment history, current debt, loans you have applied for, and other details that help lenders assess your ability to responsibly manage credit. It does not include medical history, criminal records, memberships and affiliations or ethnic background.

Your credit report can include the following:

- **Personal information:** your name (and an alias or previous name), birth date, gender, current and up to 2 previous addresses, current or last known employer, and driver's licence number.
- **Credit applications:** details of the credit applications you've made in the last five years.
- **Accounts:** a breakdown of the accounts that you have open or had open in the last two years (whether by yourself or with someone else).
- **Payment history:** a 24-month view of your repayment history information showing the way in which you pay accounts you have with banks, credit unions and other finance companies (but not phone or utility companies) - showing if you pay your accounts on time, every month.
- **Payment defaults:** whether you've 'defaulted' (i.e. missed your payments by at least 60 days) on any of your loans or credit accounts.
- **Court judgments and bankruptcy:** legal action against you such as a default judgment where a court has ordered you to repay money that you owe to a credit provider. It also includes information about bankruptcy, debt agreement or personal insolvency agreements.

EXAMPLE 1

Acc ID	2021						2020						2019					
	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan
123	0	1	0	0	0	2	1	1	0	0	0	0	0	0	2	0	0	0
918										x	6	5	4	3	2	1	0	0

REPAYMENT HISTORY DEFINITIONS

- 0 Current up to and including the grace period*
- 1 15-29 days overdue (i.e. after the expiry of the 14-day grace period)
- 2 30-59 days past due
- 3 60-89 days past due
- 4 90-119 days past due
- 5 120-149 days past due
- 6 150-179 days past due
- x 180+ days past due

A '**grace period**' of 14 days (applied to your first overdue payment) is allowed. During this time, a credit provider will not report a late payment to a credit reporting body. If the amount owing is paid during the grace period, there will be no record on your credit profile that you made a late payment.

However, once the grace period has passed, if you have not made full payment of the amount owing, the credit provider may report this as a late payment to the credit reporting bodies.

How do account repayments affect my credit report?

When lenders access your credit or loan application, they want to ensure that the information you supplied in your application is accurate, and that you will be able to manage the debt you are applying for. If you consistently make late repayments on your credit account, it can indicate that you can't manage the debt you have, while making repayments on time can indicate to a lender that you're a responsible borrower.

If you have a default listed on your report, you can also keep making your repayments on time to help build up a positive credit record. Ultimately, repayment history is just another part of the assessment that lenders undertake when assessing your ability to manage your debts.

- Credit reporting bodies collect and maintain people's credit information and provide it to lenders and consumers in the form of a credit report.
- Only banks, credit unions and other type of finance companies can report or access repayment history information. Most Buy Now Pay Later (BNPL), and all phone/internet, gas and electricity providers are not able to report or access this information. This means that your credit report will not show whether you've paid your BNPL (usually), phone/internet or utility bills on a month-by-month basis.
- A credit report:
 - o Is a detailed record of your credit information.
 - o Has detailed information about your credit accounts including your repayment history.
 - o Reflects your payment habits. It has details of your loans and whether your payments are up to date.
- When you apply for credit or a loan, a lender may look at your credit report to understand your debt commitments and gain insights into your credit health.



CHECK YOUR CREDIT REPORT

52%

of Aussies have never checked their credit reports*

In Australia, everyone has the right to one free credit report every three months from each of the three main credit reporting bodies. You can also request a free credit report, if your application for credit was declined in the past 90 days.

* Source: CreditSmart research/PureProfile March 2021

Australian credit reporting bodies

Equifax

Visit: www.equifax.com.au/personal/

Call: 13 83 32 (option 2)

Experian

Visit: www.experian.com.au/consumer-services

Call: 1300 783 684

Email: creditreport@au.experian.com

Illion

Visit: www.illion.com.au/#illion-for-individuals

Call: 13 23 33

FIX ANY ERRORS IN YOUR CREDIT REPORT FOR FREE

You have the right to get errors corrected for **FREE**.

The information on your credit report should be accurate, up-to-date, complete, relevant, and not misleading. If you think something is wrong, you can ask any credit provider or credit reporting body for help to fix that error, so long as they hold credit information about you.

5 STEPS TO FIX ANY ERRORS ON YOUR CREDIT REPORT

- 1 If you find information on your credit report that you think is incorrect, consider whether you have documents or other information to show that the information is not accurate. To help ensure that your complaint is dealt with quickly by a credit provider or credit reporting body, it is always a good idea to provide them with the documents or information that shows an error has been made.
- 2 You should contact your credit provider or the credit reporting body and ask them to explain why the information is on your report. If you're not satisfied with their explanation, tell them why and ask for it to be corrected.
- 3 If you don't have much success speaking directly to your credit provider or the credit reporting body, you can complain to the business' **External Dispute Resolution service**; these are independent bodies who investigate complaints, and credit providers and credit reporting bodies must be a member of one.
- 4 If you feel as though you cannot deal with the correction request on your own, make an appointment with a community legal centre or a financial counsellor who can help you through the process. Community legal centres and financial counsellors provide free advice and assistance.
- 5 If the information on your credit report turns out to be accurate, consider what you can do to manage your credit effectively in the future.

External Dispute Resolution Services

AFCA / Australian Financial Complaints Authority

Visit: www.afca.org.au/
Call: 1800 931 678

Energy and Water Ombudsman

Visit: www.ewon.com.au
Call: 1800 246 545

Telecommunications Industry Ombudsman

Visit: www.tio.com.au
Call: 1800 062 058

YOUR CREDIT SCORE

A credit score is just a number, calculated by the credit reporting bodies, which is largely based on the information in your credit report. It is a high-level indication of your credit health, based on the credit reporting bodies interpretation of the information in your credit report.

The law has been changed to require the credit reporting bodies to include an indication of your credit rating with your free credit report. It's going to take a bit of time for all the credit reporting bodies to make the changes but you have the right to receive a free credit report which includes your credit rating four times a year.

In the meantime, Australia's three main credit reporting bodies work with a number of businesses that provide online credit scores e.g. GetCreditScore, CreditSavvy or CreditSimple etc.. By going to each of these websites and filling in the required data, they'll show you your credit score based on your credit report from the credit reporting body they're affiliated with.

The websites give you access to your credit score for free but they may use your information to market products and services. If you are worried about how the credit score websites 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 do not want it).



Keeping an eye on your credit score



This 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.



Each credit reporting body will use their own method to calculate the credit score that you can obtain through any of the credit score website that they are affiliated with. There is not a single standardised credit score range in Australia. Equifax, which is a US based credit scoring agency, creates scores on a scale from 0 - 1200, whereas the other two credit reporting bodies Experian and Illion use a range of 0 - 1000.

Credit scores change over time



Your credit score will change over time as your own credit behaviour changes e.g. if you apply for and / or take on more debt, or if your monthly repayment behaviour changes.



Credit providers like banks, credit unions and finance companies might look at your credit score, but they'll also look more thoroughly at your credit health, including whether you can afford to repay the loan by considering your current income and expenses as well as 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.

A HEALTHY CREDIT REPORT IS AN IMPORTANT STEP TOWARDS FINANCIAL HEALTH

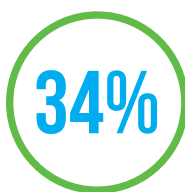
Keeping your credit report healthy will make you look better to a credit provider the next time you need to borrow money or buy something on credit.

Credit providers include lenders such as banks, credit unions and finance companies, and businesses that sell you goods or services on credit, like phone (home, mobile or internet) or utility (water, gas or electricity) providers.

Most Australian adults will look to borrow money or buy something on credit every so often. Whether it is a loan to buy your first (or your next!) home, a credit card with which to earn points or a new mobile phone on a post-paid contract, a credit provider will probably want to access your credit report to decide whether you're creditworthy.



of people say they constantly (always) struggle with meeting bills and their credit commitments*



of people say they struggle from time to time with meeting bills and their credit commitments*

* Source: CreditSmart research/PureProfile March 2021



KEEP YOUR CREDIT REPORT HEALTHY IN 5 STEPS!

01 KNOW WHAT'S ON YOUR CREDIT REPORT



- Your credit report includes a 24-month view of your repayment history, how many times you've applied for credit, and how much debt you have available.
- Credit accounts that reflect your repayment history information include credit cards, home loans, personal loans and car loans.
- Credit accounts that DO NOT reflect your repayment history information currently are telcos, utilities and most Buy Now Pay Later.
- Getting to know what is on your credit report is the first step in taking control of it. Plus, it will let you see if there is anything wrong on it.

02 CHECK YOUR CREDIT REPORT



- You can check your credit report, for FREE, every three months from each of the three credit reporting bodies.
- Errors in your credit report can be fixed for FREE.

03 BE SENSIBLE WITH CREDIT



- Don't borrow more than you can handle.
- Be conscious of other repayment obligations. Don't let Buy Now Pay Later repayments mean that you miss your other regular commitments such as bills and loan payments.
- Pay your credit card bills and loan repayments on time.
- Don't let forgetfulness make you miss payments. Talk to your credit provider about setting up an automatic payment, i.e. direct debit, to make sure your minimum payments are paid on time.

04 STRUGGLING? ASK FOR HELP



- If you are struggling to make repayments on time, talk to your credit provider. Many lenders (e.g. banks, credit unions and finance companies) and other businesses that sell things on credit (e.g. phone, gas and electricity companies) must work with you if you tell them that you are struggling with your payments.
- Free help is also available from financial counsellors or your community legal centre.

05 LEARN MORE



- Having good credit health is important!
- Learn more at: www.creditsmart.org.au

BEWARE OF COMPANIES OFFERING CREDIT REPAIR

You might have seen online, TV or newspaper advertisements from companies claiming to be able to “repair your credit report” or “fix your credit history”. If it sounds too good to be true, it is probably because it isn’t true.

In reality these companies can:

Make misleading statements about their ability to assist you. Some long-term credit issues take years to fix and credit repair companies can’t instantly make these problems go away.

Charge thousands of dollars in fees for services that you can do yourself for FREE. It is important to know that you can work to repair your credit on your own with the same tools that a credit repair agency would use.

Leave consumers worse off financially. If you’re already struggling with your finances, hiring a credit repair service may just add to your already existing debt.

All consumers can easily dispute items on their credit directly with each of the three credit reporting bodies.




BUY NOW PAY LATER & YOUR CREDIT REPORT

Buy Now Pay Later (BNPL) services such as Afterpay, ZipPay, BrightePay, PayRight, LatitudePay, Open-pay and Humm are growing rapidly in Australia as many people embrace the opportunity to take home goods or pay for services, they may not immediately have the money to pay for. BNPL products are credit products and will take regular repayments from your bank accounts or credit card – and like any other form of credit, you need to keep control of how much you borrow, or it can negatively impact your credit health.

Most BNPL providers are not bound by the same consumer protection laws as regulated lenders, which means they are not required to comply with the responsible lending obligations that apply to banks and other lenders. They are not always required to examine your income and existing debts to determine whether you will be able to meet your repayments on the money they are lending you.

BNPL providers reserve the right to do credit checks that will show on your credit report. Numerous applications can be perceived as desperation for credit and could indicate to lenders that you're taking on too many accounts in a short period of time - a move that could make it difficult to afford all your monthly payments.



Despite less rigorous affordability checks, BNPL can still have a lasting impact on your credit health, and even your credit report. You need to be very careful you use the services responsibly so that you do not take on debt that you cannot repay.

As with credit cards, you will be charged a late fee if you miss a payment and the BNPL product will start becoming more expensive to use if the repayments are not being paid on time. If you default on the arrangement, it could lead to a lender placing a default on your credit report which could impact your ability to access credit elsewhere.

Using BNPL can affect your ability to get credit from lenders when you apply for a credit card or a loan. This is because other lenders you approach may look at your BNPL purchases when working out how much you can afford to borrow.



TAKE CONTROL

OF YOUR FINANCIAL HEALTH IF USING BNPL

TIPS:

OBLIGATIONS

Be conscious of other repayment obligations.

Make sure you are not paying your BNPL repayments at the expense of other debt, such as your car loan, mortgage, or credit card.

LIMITS

Know your limits. Keep track of your BNPL usage and put a limit on it yourself. If you exceed or get close to your self-imposed limit, minimise further use until you have paid off your existing debt.

PAYMENTS

Link your BNPL account to your debit card instead of your credit card. Using credit to pay off credit by linking to a credit card to your BNPL is just postponing repayments - using a debit card means you are using your own money and might help avoid credit card interest.

FEES

Costs can add up. You are charged fees if you miss a payment for a BNPL product. It can add up if you are regularly late for payments.

CREDIT

Having good credit is important. Keeping your credit report healthy by paying your bills on time will make you look better to a lender the next time you need to apply for credit. It takes time to build up positive payment habits to show that you are a trustworthy borrower.

ASSISTANCE

Make a budget and stick to it. Spending responsibly will make sure your credit is healthy even after events like COVID-19. If you are struggling, speak to your lender and ask for assistance.

The bottom line is that BNPL is credit the same as any other debt you may have – and so for consumers the same principles apply – look after your credit health by only taking on debt for things you really need and can really afford.

- *BNPL accounts are not currently being reported under the comprehensive credit reporting regime.*



WHO IS CREDIT SMART?

CreditSmart is an information website created by credit experts to help consumers understand how credit reporting operates in Australia. The CreditSmart website is owned by the Australian Retail Credit Association (ARCA), which is the peak body for organisations involved in the disclosure, exchange, and application of credit reporting data in Australia. ARCA's Members are the most significant credit providers including the four major banks, specialist consumer finance companies, marketplace lenders and credit reporting bodies.

WANT TO LEARN MORE?

Visit us at [CreditSmart.org.au](https://www.creditsmart.org.au).

BE CREDIT SMART

CREDITSMART[®].ORG.AU
CLEARER CREDIT HISTORY

72%

of consumers have taken action to reassess and take charge of their spending, budgeting and credit habits as a result of COVID-19

DID YOU KNOW?

KEEP YOUR CREDIT REPORT HEALTHY IN **5 STEPS!**



Credit plays a huge role in our lives. 76% of Aussies currently have some form of credit product – credit cards (56%), home loans (23%), personal/vehicle loans (10%) and Buy Now Pay Later (14%).



When you apply for credit or a loan, a lender will look at your credit report to understand your debt commitments and gain insight into your credit health.

WWW.CREDITSMART.ORG.AU

KEEP YOUR CREDIT REPORT HEALTHY IN 5 STEPS!

KNOW WHAT'S ON YOUR CREDIT REPORT

- Over 92% of consumer credit accounts are reported by lenders
- Your credit report includes a 24 month view of your repayment history, how many times you've applied for credit and how much debt you have available
- Credit accounts that reflect your repayment history information include Credit Cards, Home Loans, Personal Loans and Auto Loans
- Credit accounts that do not reflect your repayment history information currently are Telco, Utilities and Buy Now Pay Later

CHECK YOUR CREDIT REPORT

- You can check your credit report, for **FREE**, every three months (previously once a year) from each of the credit reporting bodies
- Your credit report will now also include a credit rating, which is an indication of the 'band' that your credit score sits in (e.g. 'below average', 'average', 'good' etc)
- Errors in your credit report can be fixed for FREE

BE SENSIBLE WITH CREDIT

- Don't borrow more than you can handle
- Pay your credit card bills and loan repayments on time
- Be conscious of other repayment obligations. Don't let your Buy Now Pay Later repayments mean that you miss your other loan payments

STRUGGLING - ASK FOR HELP!

- If you are struggling to make repayments on time, talk to your lender
- Free help is available from your lender, credit reporting bodies, financial counsellors or your community legal centre

60%

of people don't know what information is included in their credit report

LEARN MORE

- Having good credit is important!
- Learn more at: www.creditsmart.org.au

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CLEARER CREDIT HISTORY

Source: (ARCA/CreditSmart PureProfile Research 2021)

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