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Ten steps to a better credit rating

If you've ever wondered how lenders decide whether to offer you a loan, mortgage or credit card, the answer lies in your credit rating. Read on for ten simple steps that will help you to improve yours – and your chances of getting the deals you need.

1. Love your credit report

Your credit report is your personal record of your loans, mortgages and credit cards, your repayment history and other information, such as whether you have any court judgments against you.

It is the key to your credit rating, because lenders use it when they decide whether to make you an offer – so it's crucial that it is up to date and accurately reflects your circumstances.

The easy way to see your report is to sign up for a free, 30-day trial of CreditExpert, the online credit monitoring and identity protection service from Experian – the UK's largest credit reference agency.

[Click here](#) to see for yourself.

2. Set the record straight

If anything on your credit report needs updating, CreditExpert can help you to set the record straight – perhaps by helping you to challenge any entries you think are incorrect or adding an explanation if special circumstances account for a blot on your report.

For example, if you once missed some repayments because of illness but have never had a problem before or since, a note can be added to your report and lenders may take it into account.

3. Protect your identity

If you notice something surprising on your credit report, such as a loan application you did not make, you could be a victim of identity fraud – the fastest-growing crime in Britain.

According to the government, it costs the country £1.7 billion a year.

When you sign up to CreditExpert, you will be sent a weekly alert by text or e-mail if anything significant – such as a new search by a lender – is registered on your report.

4. Assert your independence

Your credit report lists anybody with whom you have a joint account – your financial associates. Lenders may take a look at the financial histories of these people when you apply for a new loan. If they have a poor credit record, your application could be refused.

If you are now financially independent, are no longer part of a previous financial unit or no longer share a joint financial agreement, tell CreditExpert and they will help you to assert your independence.

5. Don't leave footprints

If you're shopping around for credit, ask companies for a quotation before making a formal application and searching your credit record. Lenders may think an abnormal number of credit application searches indicates that you are desperate for money, over-extended or even that identity fraud is taking place.

If companies have registered credit application searches when you only wanted information, or have searched your report more than once in response to a single application, ask them to remove the incorrect or extra searches. Use CreditExpert to investigate.

6. Tell the truth

Don't lie on an application form. Lenders usually find out and any inaccuracies on your application will tell against you and cause difficulties in future applications for credit.

7. Don't let debts pile up

Pay your existing credit card bills and loan repayments on time – this helps to show potential lenders that you are in control and more likely to meet future repayments. Better still, try to pay off any outstanding credit accounts completely.

Talk to your lenders if you are having difficulties. You should be able to agree a schedule of payments you can afford.

8. Avoid credit repair companies

These are not credit reference agencies and do not have the authority to amend your credit report. Don't be tricked into paying for services you don't need.

9. Check your National Credit Score

Before deciding whether to offer you credit cards, loans or mortgages, lenders take the information in your credit report and on your application form and use their own unique formula to calculate a credit score – a number that they use to estimate the likelihood that you will repay what you owe and make your repayments on time.

In general, a higher score means you will find it easier to get the money you need. A poor score can result in a refusal or might adversely affect the terms. For example, it can mean that you pay a higher rate of interest.

To get an idea of how you might do, you can order your National Credit Score from CreditExpert for only £4.99. It is based only on the information in your credit report, so it won't be identical to the scores generated by lenders – but it will set a benchmark for you.

It's worth ordering your score before you make a new loan application, so you can see how well you are doing. [Click here](#) if you'd like to know more.

10. Keep on checking

Your credit report is not frozen in time. Check your report regularly to ensure it's accurate and follow up every time you receive an alert from CreditExpert.

That way, you can ensure there are no nasty surprises the next time you approach a lender.

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