

 **ClearScore®**



***EQUIFAX***

# Create Finance



Credit Report Training

# Credit Reports

- When we get new client in credit reports are a great way of assessing their financial situation to help with placing their case to lenders.
- They identify if the client has had any adverse issues in the past i.e. defaults IVA's CCJ's or missed payments and how much debt the client has. Each of these will have an impact on which lender they can go to, how much they can borrow and the type of mortgage which would be best for them.
- A credit report must always be uploaded to mortgage keeper is the client either has adverse credit or the purpose of their mortgage is for debt consolidation.
- The credit report is also useful for finding out basic information like the clients full name and their address history.
- All credit is listed on the credit report for 6 years after the account is closed

# Basics of a Credit Report

- A credit report is great for filling out the 'Credit Commitments' Page of the fact find. It will show you all of the clients active credit accounts, this includes; Credit Cards, Store Cards, Loans, HP's, Mortgages, Utilities, Communications etc. Remember, when filling out the credit commitments page we don't include telecoms, mortgages or utilities.
- The credit report will show you when the agreement was taken out, how much the client owes, what their monthly payment is and who the agreement is with. You can also see details of missed payments and the status of the account (up-to-date, settled, default)
- You must make sure all credit on the credit report is shown on the fact find.

# What to Look for on a Credit Report

- There is so much you can pick up from assessing a credit report, but when your broker asks you to assess one there are several details which you need to pass over. The main thing you are looking for is if the client has had any adverse.
  - Missed Payments
  - Defaults
  - CCJ's
  - Arrangements

Everything you need to know about the account will be shown here.

You need to assess not only if this needs to go on the fact find but if any of the details need reporting to the broker (is there any adverse)

**Entry number:** C10  
**Account Started:** 14/07/2016

0 Payment up to date   1 2 3 4 5 6 Late payments    Account is 'default'   ? No info   U Unknown   D

0	0	0	0	0	0	0	0	0	0	0	0
18881	19283	19684	20086	20086	20889	20889	21693	22095	22496	22898	23300

[illegible]

# Main Information

**Account:** MONEYBARN  
**Name:** MR PETER FELTWELL  
**Date of Birth:** 30/12/1978  
**Address:** 173 CHELMSFORD ROAD, BRENTWOOD, SHENFIELD, CM15 8SA

**Updated:** 03/09/2017  
**Current Status:** Active  
**Type:** Hire Purchase /  
Conditional Sale  
**Balance:** £18,881  
**Payment terms:** £401 x 60  
months

**Entry number:** C10  
**Account Started:** 14/07/2016

This final section identifies when the agreement was taken out.

This first section shows who the agreement is with/the lender and the details of the borrower (client)

The middle section shows the finance information i.e the outstanding balance, monthly payment, term remaining, the type of agreement and the status.

Unless the status is 'settled' it must go in mortgage keeper

This is the main section you will need to assess when looking at the credit report as it will provide you with everything you need to know about this individual account.

# How to Understand what a Credit Report is Showing

Key

0

Payment up to date

1

2


3

4

5

6

Late payments



Account is 'default'

?

No info

U

Unknown

D

Dormant

Each credit report will have a 'key' as shown above, this will help you to read the credit report and understand the information it is giving you. All credit agency's will set their reports out differently so this key makes it easier to adapt to the format and ensure your reading the information correctly.

It is important to look at the sections for late (missed) payments to ensure you get a note of the correct status.



# Assessing Credit Reports

When assessing different accounts its easier to make a note of each active account in a table like format for your broker so they can assess all the credit. See below the main details you need to pick up from each account. This account has no adverse.

## Type – Hire Purchase

Balance - £18881

Payment - £401

Status – Active

## Lender – Moneybarn

[illegible]



# Missed Payments

- If you look at the account here you can see that there is a difference to the Hire Purchase we just looked at.
- Using the Key we can see that this account reached a status 1 in March 2016 through to a status 4 in June 2016.
- This account has then gone back to active/up to date as the client has repaid the missed payments.

If you were to write down the following for the broker you would not it as follows;

Type – Water Bill

Balance - NA

Payment - NA

Status – Active

Lender – Anglian Water

This account reached a status 1 in March 2016 through to a status 4 in June 2016 this was then paid off by July 2016 and the account is now up to date

Account: ANGLIAN WATER  
Name: MR PETER FELTWELL  
Address: 173 CHELMSFORD ROAD, BRENTWOOD, SHENFIELD, CM15 8SA

Updated: 03/09/2017  
Current Status: Active  
Type: Water  
Balance: £0

Entry number: C7  
Account Started: 14/04/2015

Key

0	Payment up to date	1	2	3	4	5	6	Late payments	Account is 'default'	? No info	U Unknown	D
Dormant												

Account Status Details (1–12 months):

▼ Last updated: 03/09/2017

Status	0	0	0	0	0	0	0	0	0	0	0	0
Balance (£)	0	0	0	0	0	0	0	0	0	0	0	0

Account Status Details (13–24 months):

Status	0	0	0	0	0	0	4	4	3	1	0	0
Balance (£)	0	0	0	0	0	0	90	90	90	90	90	0

Account Status Details (25–72 months):

Status	0	0	0	0	0							
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NOTE – this account wouldn't go on MK as it is a utility

A Default follows on from a missed payment. If the clients account goes further than a status 6 it will then be classed as a default.

Type – Hire Purchase  
Balance - £2188  
Payment - NA  
Status – **Default**  
Lender – Cabot Credit

When you notice a default you must note down the following details for the broker as they will all impact the mortgage;

Default date – 12/2016  
Default Amount - £6672  
Current Balance - £2188  
End date - NA

Updated: 03/09/2017  
Current Status: **Default**  
Type: Hire Purchase /  
Conditional Sale  
Balance: £2,188

[illegible][illegible]

# Defaults & Missed Payments

- You must make your broker aware of all defaults & missed payments on all accounts whether they are active or not as they may impact the application.
- Make sure you make a note of the highest status the account reached.
- Always note down the date of the missed payments and when the default was entered/cleared.

# Other things you can see on a Credit Report

- At the bottom of the credit report there is a section where you can see if the client has ever had any CCJ's, IVA's or been made bankrupt. Same as the defaults they must be noted down and passed on to your broker.

Type – CCJ  
Date Registered – 25/06/2013  
Amount - £530.00  
Date satisfied – 19/03/2014

CCJ's will stay on your credit report for 6 years after the satisfied date.

Some reports will provide details of the account (lender and type) so note them down if you can.

## Bankruptcy, County Court Judgments, and IVA information

This section of your report includes any court judgments, debt relief orders, bankruptcies, individual voluntary arrangements, or other similar public record.

### 1 Record Found

Entry number: J1

Name: MISS LARA MAVRO-MICHAELIS

Address: 25 BURNHAM LANE, ULCEBY, THORNTON CURTIS, DN39 6XH

Court: NORTHAMPTON COUNTY COURT

Case number: 3XP18498

Amount: £530.00

Information source: Registry Trust Ltd

### Record Details

Date: 25/06/2013

Information type: Satisfied Judgment

Note: Satisfied judgments are automatically removed from your report after six years.

Satisfied: 19/03/2014

# Other things you can see on a Credit Report

- As mentioned before you can use the credit report to fill out the first section of the fact find.
- On this screen shot you can see the clients full name, date of birth, current and previous addresses with the dates they moved in/out.
- All credit reports will include this information so check here before quizzing your client or broker!

### Your Profile Information

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#### Personal Information

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**Name:** Mr PETER ALEXANDER FELTWELL      **Date of birth:** 30/12/1978

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#### Addresses

**Period:** Sep 2015 – Current  
**Address:** 173 CHELMSFORD ROAD, BRENTWOOD, Shenfield, ESSEX, CM15 8SA

**Period:** Mar 2015 – Sep 2015  
**Address:** 36 ASHINGDON ROAD, ROCHFORD, ESSEX, SS4 1NJ

**Period:** May 2013 – Mar 2015  
**Address:** QUARTERBRIDGE HOUSE, QUARTERBRIDGE ROAD, ISLE OF MAN, Douglas, IM2 3RL

**Period:** Jun 2012 – May 2013  
**Address:** BALLAMEANAGH MOOR FARM, BALLAMENAGH ROAD, ISLE OF MAN, BALDRINE, IM4 6AJ

**Period:** Sep 2009 – Jun 2012  
**Address:** 25 BURNHAM LANE, ULCEBY, Thornton Curtis, DN39 6XH