

Guide to credit reporting for small business

What is credit reporting?

Credit reporting is used by organisations to help decide whether or not they are willing to lend money to a particular person. Credit providers and credit reporting agencies are the main organisations involved in credit reporting. Credit providers are businesses such as banks, car loan companies and telecommunications service providers that lend money or provide credit to their customers.

Credit providers send information about your debts to private companies called credit reporting agencies (CRAs). There are three main CRAs in Australia:

- Veda: www.veda.com.au
- Dun and Bradstreet: dnb.com.au
- Experian: www.experian.com.au

Your credit report contains information sent by credit providers to CRAs. This information can be sent to other credit providers in a credit report.

The main types of information in your credit report are:

- Any loans you may have where your repayment is more than 60 days overdue (from March 2014 this will only apply to bills over \$150)

- Any court orders or bankruptcy notices applying to you
- Any requests by lenders for your credit report

Information about your missed repayments will stay on your credit file for up to five years. Information about bankruptcy will stay on your file for up to seven years.

It is important to remember that failure to pay small bills, such as phone bills, can damage your credit rating.

What should you do?

Check your credit report

It is important to check your credit report regularly, particularly if you have ever been refused credit. Every CRA has to give you free access to your credit report once every twelve months. The three CRAs operate websites where you can request a copy of your credit report:



Veda
My Credit File
www.mycreditfile.com.au

Dun and Bradstreet
Check Your Credit
www.checkyourcredit.com.au

Experian
www.experian.com.au/credit-services/credit-reports/

You are entitled to a free credit report once every 12 months. These websites also have paid options for obtaining your credit report faster or for extra services.

Avoid credit repairers

Credit repair companies offer to remove bad debt (default) listings and to improve your credit assessments. **These services are best avoided.** Credit repair companies often charge very high fees for services you can use for little or no cost. Many of the promises about removing defaults are also empty — defaults are required by law to stay on your credit file for five years. Defaults can generally only be taken off your credit report if there is an error, and in this case you can have the default removed by contacting your credit provider yourself.

Scams

Scammers have found their way into the credit reporting system. Avoid searching for credit repair companies or credit reporting companies over the internet as scam sites might appear in the search results. It's also best not to follow links in unsolicited emails offering credit repair or credit reports, since these are most likely scams.

Complaints

If you have obtained a copy of your credit report and believe that it contains an error, first contact the credit provider who reported the error. If the error is with your name, contact details or similar information stored in your credit report you may be able to have it fixed by the relevant CRA.

If you are not satisfied with their response, you can take your complaint to an Ombudsman service. Complaints about communications service providers should be taken to the Telecommunications Industry Ombudsman. Complaints about credit can be taken to the Financial Ombudsman Service or the Credit Ombudsman Service. Complaints can also be made to the Office of the Australian Information Commissioner. You must try to resolve your complaint with the credit provider or CRA before approaching an Ombudsman.

What will be changing?

From March 2014, 'comprehensive credit reporting' (also known as 'positive credit reporting') will start. Previously, only defaults could be listed, but under new laws your repayments can also be listed. This means your credit report will contain a more complete record of your credit information. From December 2012, repayment information is already being reported.

Not all credit providers will be able to report repayments. At this time, the communications service providers cannot report repayments, but banks can.

www.accan.org.au

Further information

Several consumer groups provide information and guidance on credit-related issues, such as:



The Consumer Credit Legal Centre (NSW)
cclnsw.org.au

The Consumer Credit Legal Centre (WA)
cclswa.org.au

The Consumer Action Law Centre
consumeraction.org.au

Financial Counselling Australia
financialcounsellingaustralia.org.au



Australian Communications
Consumer Action Network

Tel: (02) 9288 4000
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SMALL BUSINESS TIPSHEET

CREDIT REPORTING

