

## Personal Credit Record- Frequently Asked Questions

### How often should I obtain a copy of my credit record?

It is recommended that you check your credit record at least once a year.

### Why should I obtain a copy of my personal credit record?

A credit record will affect your access to credit and the interest rate you will be offered. It is important to have a current copy of your credit record to ensure the information it contains is accurate.

### How do I get a copy of my Credit Record?

Two prominent consumer reporting agencies are Equifax and Trans Union. Contact the national office or visit the local agency.

Equifax Canada (National)	Trans Union (National)
P. O. Box 190 Station Jean-Talon Montreal, Quebec H1S 2Z2 1-800-465-7166 or 1-514-493-2314 <a href="http://www.equifax.ca">www.equifax.ca</a> Local Agency 155 Belvedere Ave, Suite 200, Charlottetown, PE	Consumer Relations P. O. Box 338 LCD1 Hamilton, On L8L 7W2 1-866-525-0262 or 1 416 609-2070 <a href="http://www.TransUnion.ca">www.TransUnion.ca</a> Local Agency 51 University Avenue, Financial Building, Suite 103 Charlottetown, PE

### What do I need to provide for a credit record?

You will be asked for your full name, date of birth and a copy of two pieces of identification showing your current mailing address, such as your driver's license and a copy of a recent phone or electricity bill.

### Do I have to pay for my credit record?

There is no cost for your credit record by mail or in-person but there is a fee for on-line service.

### What information may be collected for my credit record?

- Personal Information: name, current & previous address, social insurance number, phone number, date of birth, current & previous employers.  
\* It **cannot** contain information about gender, race, religion, sexual orientation, national origin or medical history;
- Inquiries: a list of anyone who recently requested copies of your credit record (only those authorized can access the report.);
- Public Record Information: judgements, bankruptcies, registered items;

- Consumer Statements: a consumer may attach a personal statement to their report to explain circumstances leading to their financial situation or to show that a debt is in dispute;
- Credit History: details of previous & existing credit accounts - including creditor's name; amount borrowed; amount owed; credit limit; the date the account was opened, updated, or closed; and timeliness of payments.

### **Can anyone access my credit information?**

Consumer reporting agencies have a responsibility to limit access to your information to only those with authorization.

### **What if the information on my file is inaccurate?**

As a consumer, you have a right to dispute inaccuracies on your credit file. Upon proof of inaccuracies, the agency must correct or delete the inaccurate information and notify anyone who has inquired within the previous six months.

### **What is a credit score or sometimes referred to as FICO score.**

A good credit/FICO score is between 600 and 900. If you continue to pay your bills on time, or ahead of time, you will be able to maintain a good score. If your debt increases to the point that you cannot meet your payments, you may be considered a financial risk and your credit or FICO score will drop. **Tip:** Maintain your balance to account-limit ratio at 50 percent.

### **What is a balance to account - limit ratio?**

Every credit card has a maximum amount or limit of credit allowed. The amount you owe (balance) on your credit card should not exceed 50 percent of the allowable limit on your account. For example, if your credit limit is \$1000.00, you should try to keep your charges below \$500.00. As you get closer to "maxing out" your card, the interest you will pay on your debt will increase.

### **What do the codes on a credit record mean?**

- O** - Open Account (must be completely paid at the end of each month)
- R** - Revolving or Optional Account (regular credit)
- I** - Installment (all types of loans)
  
- R0** - Too new to rate: approved, but not used
- R1** - Pays (or paid) within 30 days of payment due date or not over one payment past due
- R2** - Pays (or paid) in more than 30 days from payment due date, but not more than 60 days, or not more than two payments past due
- R3** - Pays (or paid) in more than 60 days from payment due date, but not more than 90 days, or not more than three payments past due
- R4** - Pays (or paid) in more than 90 days from payment due date, but not more than 120 days, or four payments past due
- R5** - Account is at least 120 days overdue, but is not yet rated "R9"
- R7** - Making regular payments through a special arrangement to settle debts
- R8** - Repossession (voluntary or involuntary return of merchandise)

- R9** - Bad debt; placed for collection; moved without giving a new address  
 \*Once an account has been assigned an R9 rating, the date of the last payment made to the creditor is noted as the last transaction date. The date will not change on your credit file regardless of any future payments made on the account.

**How long will information be retained on my credit file?**

It depends on the type of information, legislation and the policy of the reporting agency. Please refer to the purging schedule below.

PURGING SCHEDULES		
Type of Information	TRANS UNION	EQUIFAX
<b>Credit Transactions</b> (from the first date of delinquency)	6 years	6 years
<b>Judgments</b> (from the date satisfied or reporting date)	7 years	7-10 years
<b>Collections</b> (from the first date of delinquency or last activity)	6 years	6 years
<b>Secured Loans</b> (registered items) (from the date opened or filing date)	5 years	6 years
<b>Bankruptcy</b> (from the discharge date)	7 years	6 years
<b>Registered Consumer Proposal, Orderly Payment of Debts</b> (from the date satisfied)	3 years	3 years

**Is it possible to re-establish your credit rating?**

Yes, it takes time but there are ways for you to rebuild your credit score. Suggested tips are listed below:

- Create a file of information that helps indicate your progress, including:
  - discharge papers (if you were bankrupt, entered a consumer proposal, credit counseling or Orderly Payment of Debt);
  - a current copy of your credit record;
  - a current net worth statement;
  - a pay stub for the last 6-12 months or tax assessments for the last three years if you are self-employed;
  - proof of the same mailing address for the past 6-12 months;

- your current budget;
  - a record of your monthly payments for rent, mortgage, vehicle or consumer payments;
  - a printout showing routine deposits to your savings account; and
  - a savings account showing your emergency account balance.
- Establish a steady work record.
  - Pay your utility bills, credit cards and loan payments on time or ahead of time.
  - Open a chequing account and prevent cheques from bouncing.
  - Open a savings account and make regular deposits.
  - Apply for a local store credit card and make regular monthly payments.
  - Apply for a small loan and pay it back as agreed.
  - Seek professional advice from a loans officer:
    - explain why you encountered financial difficulty;
    - explain that you want to rebuild your credit;
    - ask for advice on ways to rebuild your credit;
    - show your file;
    - discuss obtaining a loan for an RRSP (an ideal way to re-establish), a small loan, or a secured credit card.

\*A **Secured Credit Card** requires a security deposit which is usually the amount of the credit limit. After a year of using it and paying on time, ask the bank to change it to a regular credit card with a lower annual fee.