

What is a Credit Score?

A credit score is a tool that all banks and lenders use to ascertain your credit worthiness. Every person has their own individual credit file listed with agencies such as VEDA and Dunn & Bradstreet. The very first time you apply for credit, your personal credit file is opened / established by these credit reporting agencies. Every time thereafter when you apply for credit, the bank or lender will get a report from one of these agencies about you to ascertain your credit worthiness. When they apply for a copy of your report, they fill out an application which asks for your current address & personal information, what type of loan you are applying for and how much you are applying for. This information is then updated to your file and that bank who applied for your report will leave a footprint which indicates you just applied for further credit. Similarly, if you default on a loan or credit card, don't pay your Telstra bill, electricity bill, Council rates or even bankruptcy – this will all appear on your credit report and lower your credit score.



The actual report is quite comprehensive and you can also get a copy of your own report by applying to these agencies for it. EZ Finance is also able to get a copy of your report for you WITHOUT leaving a foot print to say you applied for credit. The more times you apply for credit through a bank or Lender, the lower your credit score becomes, so please be very mindful NOT to make too many enquiries for finance.

An example of just a small part of a credit report is below. The report suggests a number (in this case 821) which represents how “risky” this customer might be in a scale between -200 to 1200. The higher your score is the better and this will determine the outcome on your finance application.



Many banks these days use the credit report as part of their initial screening process. If you have a default or any adverse credit issue on your report, the banks system may AUTOMATICALLY reject your finance application and decline it, so it pays to know in advance where you stand. (EZ Finance can help you with your credit report in advance)

What if your credit score is low?

If you have a low credit score or poor credit file, EZ Finance may still be able to help you. We have 2 options,-

1. EZ Finance can recommend to you a credit repair agency that specializes on fixing up your credit file. Many people don't realize that a lot of defaults are added in error or illegally. There are protocols and rules about lodging defaults onto someone's credit file. The credit repair company will charge you a fee to repair your credit file and it could take several weeks or months to repair. There may also be some credit files that can't be repaired due to the nature of the defaults, however, the credit repair company will better advise you on this.
2. Depending on the nature of your credit file, we might still be able to get you the finance you need as there are many financiers who will lend to people with a poor credit report. These financiers understand that people sometimes reach a difficult time in their lives and all they may need is a written explanation as to why the report is poor. These lenders will charge a higher interest rate and perhaps higher fees, but that is only because the risk to the lender is greater, so they charge accordingly.

Get good advice:

It's quite common for people to get multiple credit enquiries from simply calling several banks and asking them what their borrowing capacity is. The branch staff often may not know or care about the effect of enquiries on your credit score, so they simply lodge an application and hope for the best. The end result is that most other banks will not lend to you because you have a busy credit file.

- You should only apply with the lender that you actually intend to get a loan with! Don't put in multiple applications in the hope of getting an approval, this will do more harm than good.
- We get a lot of phone calls from people who are in excellent financial positions with a good income, and still get declined by their bank! A major cause of these declinals is that the customer has had multiple enquiries on their credit file, which caused them to fail their bank's credit score. The good news is that if you do have multiple enquiries on your credit file, there are still some lenders that can help.
- Each lender has their own credit scoring system, so each will have a slightly different result. Some lenders don't consider a high number of credit enquiries to be a high risk, while others will decline your loan outright simply based on the length of time in your current job.

The secret to getting approved is to find a lender that either doesn't credit score automatically or that has a scoring system that can accept your situation. Our team are credit scoring specialists. Please contact us on 1300 727 909 or fill out an enquiry form on our website www.ezfinance.com.au

Disclaimer: The comments on this form are a guide and for general advice only and should not be relied upon as specific advice for your current financial situation. Please speak with a professional Credit Advisor, Accountant or Financial Planner to ensure you get the right advice specific to your personal circumstances. EZ Finance holds a National Credit Licence (392611) and our credit advisors are members of MFAA, FBAA and CIO.