

Borrowing – Credit History

What is your Credit History?

Your credit history is sort of like your financial report card. It's a collection of financial information about you that shows how you handle your money and your debt, including information about the accounts you have opened, the length of time they've been open and whether you make payments on time. This information is gathered by credit reporting agencies (Equifax and TransUnion) from financial institutions, retailers and lenders.

Is Credit History Important?

Your credit history gives lenders the information they need to determine your creditworthiness. In essence, whether they can lend you money and expect you to repay it. Because of this, your credit history is very important. Your credit history impacts your credit future.

If you have a bad credit history, you may find it difficult to find a lender who will lend you money. This can impact your ability to buy a car or a home or get a credit card. It can also affect your ability to purchase some services such as signing up with a cell phone or internet provider and may even affect your ability to qualify for some jobs or rent a home.

There are also benefits to having a good credit history. If you have good credit, you will be more likely to qualify for a higher loan amount or may be able to get a lower interest rate when you do borrow money. A good credit history can also help you in less obvious situations such as allowing you to pay lower premiums on your insurance. Cell phone and internet service providers will look at your credit history to determine whether you will be a good customer. Potential landlords will also look at your credit history to determine if they can rely on you to pay your rent on time.