



# BORROWING: CREDIT REPORT

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## CREDIT REPORT

When you borrow money or apply for credit for the first time, your credit report will be created.

- ▶ This information is gathered by credit reporting agencies (Equifax and TransUnion) from:
  - Financial Institutions
  - Retailers
  - Lenders
- ▶ As this happens, your credit history will be summarized in a credit report that lenders and creditors will use to evaluate your credit history and determine if you are a credit risk.

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## WHAT IS IN YOUR CREDIT REPORT?

- ▶ Your credit report will contain identifying information about you such as:
  - Your name
  - Your date of birth
  - Your current and previous addresses
  - Your current and previous telephone numbers
  - Your Social Insurance Number
  - Information on your current and previous employers and job titles
    - ▶ This will help to identify you specifically, differentiating you from other borrowers who may appear similar and prevent identity theft.
- ▶ Your credit report will contain a list of all the inquiries/credit checks you or others have made, such as:
  - When you look at purchasing a car, a dealer may do a credit check to see if you qualify for a loan to buy the car, whether you purchase the car or not.
  - Cell phone providers will always check to see if you pay your bills.
  - Landlords will check to see if you will reliably pay your rent.
  - If you apply for a credit card, the credit card company will do a credit check.
  - When you open a new bank account, the financial institution will check to ensure you are not a fraud risk.
  - When you apply for a job, they may do a credit check, especially if you are applying for a job that requires a high level of trust.

- ▶ Your credit report will contain financial information about you and how you handle money, such as:
  - Any insufficient funds (NSF) payments you've made or any bad cheques you've written.
  - Any chequing and savings accounts closed due to money owing or fraud committed.
  - Any credit you use, including loans, lines of credit, as well as any credit cards and retail or store cards you have.
  - Any bankruptcy or court decisions against you that relate to your credit and any debts sent to collection agencies.
  - Any inquiries from lenders and others who have requested your credit report in the past three years.
  - Any consumer statements, fraud alerts and identity verification alerts.
  - Details about your credit cards and loans such as when you opened your account, how much you owe, and if you make payments on time or miss payments.
  - If your debt has been transferred to a collection agency.
  - If you go over your credit limit.
  - Any public information that is available in public records such as bankruptcy.
- ▶ Your credit report will show some other non-credit accounts, such as:
  - Your mobile phone and internet provider accounts
- ▶ Your credit report will show some other loan accounts, such as:
  - Your mortgage information and payment history
  - Any home equity lines of credit (HELOCs) you have

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## CHECK YOUR CREDIT REPORT ANNUALLY

- ▶ It's recommended that you request your credit report at least once a year.
  - It's free to get your credit report once a year, though you will have to pay a fee if you want to see your credit score.
- ▶ When you get your credit report, check it very carefully for any errors in your personal information such as:
  - Wrong address
  - Wrong date of birth
  - Errors in credit card and loan accounts
  - Any accounts listed that you never opened
  - Negative information about your accounts that is still in your credit report after the maximum amount of time it is allowed to stay on it.
    - ▶ Some errors can:
      - Be a sign of fraud or that someone is trying to steal your identity.
      - Negatively and unfairly affect your credit score resulting in you being denied a loan or having to pay a higher interest rate on a new loan.

- ▶ If you find an error:
  - Don't freak out. Mistakes happen.
  - Report the error to Canada's two main credit bureaus (Equifax and TransUnion) and contact your financial institution immediately.
  - For more information about checking for errors on your credit report and reporting them, visit the Government of Canada's website:  
<https://www.canada.ca/en/financial-consumer-agency/services/credit-reports-score/check-errors.html>
- ▶ Checking your credit report annually is also good because:
  - It will give you a good picture of your credit.
  - Lenders and others who check your credit report are not able to give you information about your credit report.
    - ▶ You must request the information from the credit reporting agencies yourself and it will give you a full picture of your credit history and any products associated with your name and identity.