

6 Ways You Could Be Affecting Your Credit Score



Did you know that your Buy Now Pay Later (BNPL) shopping habits could affect your credit score? This is just one way you could affect your credit score and ability to secure finance in the future, but there are more!

About your credit score

A credit score, or credit rating, is a number that represents your creditworthiness.

When being calculated these scores have regard to whether you have missed repayments, how late your payments were, how much was owed, how recently the late payment occurred and how often you miss payments. Your credit history will also detail how many of your credit accounts have been delinquent in relation to all of your accounts on file.

If you want to increase your chances of receiving an approval for your loan application, having a good credit score will assist in achieving success.

Ways you could be affecting your credit score

Now we have shown you the importance of a good credit score, here are 6 ways you could be affecting your credit score and chances of a loan approval.

- 1. Paying your bills late** – suppliers such as utility and phone companies can report on payment defaults.
- 2. Missing your Buy Now Pay Later payments** – BNPL providers can report negative activity to credit reporting agencies.
- 3. Making too many loans, credit or balance transfer applications** – shopping around and applying to multiple credit providers within a short amount time can lower your credit score.
- 4. Missing your loan repayments** – a missed payment of more than 14 days late can be recorded on your credit report – and stay there for two years!
- 5. Not checking and fixing errors on your credit report** – you can request a copy of your credit report from a credit reporting company and check for any errors. Consumers are entitled to access their credit report information for free once a year. If you're not checking your report before a loan application you could

be missing the opportunity to rectify any inaccuracies and thus jeopardize your chance of approval¹.

6. Court judgements – if a Court judgment is a matter of public record, a credit reporting provider can source the information from public records to record on personal credit files. A Court judgment that is unpaid will remain on your credit report for a period of five years, and one that has been paid will remain on your credit report for two years².

It is important you are conscious of your credit report and meet all your credit obligations. If you are considering refinancing in the next couple of years, be aware of all agreements, pre-approvals and enquiries you make as these will generally result in an entry on your credit report. And watch your BNPL spending! Even if you are not looking at applying for any finance, it is good financial sense to be on track with how you are placed financially in case there are any nasty surprises that you are not aware of.

¹ moneysmart.gov.au/managing-debt/credit-scores-and-credit-reports

² Recording of Court Judgments on Personal Credit Files | Newcastle Lawyers | Family Law | Contesting Wills | Disputes | Mullane & Lindsay Solicitors (mullanelindsay.com.au)