



Half of people are harming their own credit score

3 May 2016

Half of people in the UK have never checked their credit score, according to research from RateSetter, with 53% doing something which may actually harm their credit score – potentially making it difficult or impossible for them to borrow money in the future.

In addition, three in ten (30%) people are worried about their creditworthiness and a similar number (32%) intend to take action to improve their credit score within the next 12 months.

Credit scores help lenders decide whether to lend money, how much to lend and how much interest to charge. By not knowing their credit score, people risk paying more interest when they take out a loan and may face limits on the amount they can borrow. In extreme circumstances, they may find themselves “locked out” of credit.

While eight in ten people (83%) know what a credit score is, half (50%) do not know their personal credit score and had never checked it. A further quarter (25%) say that they did not know their current score but had checked it in the past. Just one in five (20%) know their score exactly or approximately.

More than half of respondents (53%) are doing things which may harm their credit scores. For example:

- One in five (22%) have paid a bill late in the last five years.
- One in seven (15%) are not on the electoral register.
- One in ten people under 35 (10%) have moved house more than twice in the last two years
- One in fifty (2%) have a joint bank account with an ex-partner

Many other respondents were also doing things which may prevent them from building up a good credit history: for example, one in ten (11%) have never taken on any debt, which can result in what’s called a “thin file”, where underwriters do not have access to enough information to assess someone for creditworthiness due to a lack of borrowing history.

“Credit scoring is an imperfect science” commented Jay Magee, head of retail underwriting at RateSetter, “but it is a really important part of the decision of whether to give someone a loan. By checking your credit score, which the likes of ClearScore, Equifax and Call Credit allow you to do for free, and taking a few easy steps such as getting on the electoral register, you can really improve your score and with it, your chances of borrowing more cheaply.”

Jay added “Some people think that by never getting into debt, they will automatically be seen as creditworthy. But in reality, it’s by borrowing and paying back on time that you can build up a good score. Our list of the seven deadly credit scoring sins is a mini-guide to help people improve their scores.”

Seven deadly credit scoring sins

- Not being on the electoral register
- Moving home too often
- Not paying bills on time
- Not building up any debt, ever
- Sharing a bank account with someone with poor credit history

- Having too much outstanding debt
- Remaining a “financial associate” of an old personal or business partner

RateSetter has published a free guide designed to help people to improve their credit score, which is available at www.ratesetter.com/blog/article/know-your-credit-score.

Notes to editors

Survey Methodology

Populus surveyed 2,068 UK adults online between 20-21 April 2016. Data were weighted to be demographically representative of all UK adults. Populus is a member of the British Polling Council and abides by its rules.

For further information please contact:

Luke O’Mahony
PR manager, RateSetter
020 3735 7344 or 07799 474 403
luke.omahony@ratesetter.com

Rhydian Lewis launched RateSetter in October 2010. Rhydian’s objective in setting up RateSetter was to reduce the gap between what investors could reasonably earn and creditworthy borrowers could pay, cutting out the banks to deliver a better deal for both in a simple and secure way.

Prior to launching RateSetter, Rhydian spent six years at leading financial advisory firm, Lazard. In 2015, Rhydian was named FinTech Leader of the Year in the FinTech Innovation Awards. RateSetter has won multiple awards, including Best Peer-to-Peer Lender in the FT / Investors Chronicle awards in both 2014 and again in 2015.

RateSetter is one of the UK’s largest marketplace lenders, and has lent more than £1bn to UK individuals, businesses and property developers, including £500m in 2015 alone.

The platform offers a ground-breaking proposition that allows retail, institutional and corporate lenders to invest at interest rates set in an open market. RateSetter’s market rates can be found [here](#). RateSetter is not covered by the FSCS and capital is at risk. RateSetter’s £17m Provision Fund has ensured that no individual investor has ever lost a penny since RateSetter launched in 2010 - a unique feat amongst the major platforms in the industry. All borrowers pay into the Provision Fund, which repays investors in the event that a borrower misses a payment.

In 2014, RateSetter became the first marketplace lender to launch with a retail license in Australia. In December 2015, the platform won Best Peer-to-Peer Lender in the FT and Investors Chronicle Wealth Management Awards for the second year running. RateSetter was the highest-rated platform by Which? readers in 2015.

RateSetter is authorised and regulated by the Financial Conduct Authority.

More info is available at www.ratesetter.com
Follow us on Twitter [@RateSetter](https://twitter.com/RateSetter)

