



15 September 2017

### Nearly half of SMEs have never checked their credit score

Nearly half (44 per cent) of SMEs have never checked their company's credit score, according to new research from RateSetter Business Finance.

Credit scores are used by lenders to determine whether businesses have a good track record of repaying debt, and are therefore one of the key factors affecting an SME's ability to get a loan.

Credit reference agencies, such as Experian and Dun & Bradstreet, compile reports based on information available to them. That includes details of all the loans and other forms of credit that a business has had in the past and, crucially, whether a business has kept within the agreement and paid the money back. Any other potential issues, such as County Court Judgments, are also flagged.

Paul Marston, Managing Director for Commercial Finance at RateSetter, commented:

*"Checking your business credit history is one of the simplest things you can do to ensure that you have the best chance of securing the finance your business needs in order to grow and become more productive."*

*"Even a simple mistake in your credit history such as an incorrect address can affect lenders' perception of your business, meaning that you're unable to secure a loan or get good terms on credit agreements."*

RateSetter's research found that 44 per cent of SMEs had never checked their credit score, and a further 6 per cent had not checked their score within the last 12 months. Only one in five (18 per cent) had checked within the last six months.

We've compiled seven tips to help businesses to ensure that their credit history is as good as it can be:

1. **Check your own credit score with one of the leading agencies.** Credit reports are based on the information in the public domain about your business.
2. **Identify any errors.** Use your own copies of relevant documentation if necessary, and have any mistakes corrected or removed with the agency. Even a simple mistake such as an incorrect address can affect your credit history.
3. **Remove negative information.** Information can usually be removed if it's more than six years old, so ensure that there are no black marks on your history unnecessarily.
4. **Maintain a good trading record.** Pay your bills on time. If you pay CCJs within 28 days, they should not appear on your credit record.
5. **Check your personal credit history.** Even though you may be applying for a business loan, make sure that your own personal credit history is good too. In the absence of having enough information on your company, lenders may look at this as well.
6. **Ensure your company accounts are accurate.** File them on time at Companies House. Late filing is often seen as a sign of financial difficulty.

7. **Give your customers clear terms and conditions.** Make certain that all supplier payments have been correctly recorded.

## **ENDS**

Vital surveyed 490 UK adults who work in companies with between 1 and 249 employees in August 2017.

### **For further information please contact:**

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### **Notes to Editors**

#### **About RateSetter**

RateSetter has grown from start-up in 2010 to a platform that has originated more than £2bn of loans. It has over 250,000 active customers, making it one of the largest FinTech businesses in the UK.

RateSetter pioneered many firsts in peer-to-peer lending, including the Provision Fund model. All borrowers pay a risk-adjusted premium into the Provision Fund, which reimburses lenders in the event of a borrower default. The Provision Fund has ensured that all lenders have received the capital and interest that they expected, but it is not a guarantee of safety. Capital is at risk and RateSetter is not covered by the Financial Services Compensation Scheme.

The interest rate in the RateSetter market is set by the supply of, and demand for, money, not by the platform itself. The aspiration is that this rate will become a benchmark rate for money.

In 2014, RateSetter became the first peer-to-peer lender to launch with a retail licence in Australia.

In November 2016, the platform won Best Peer-to-Peer Lender in the *FT* and *Investors Chronicle Wealth Management Awards* for the third year running. RateSetter was the highest-rated platform by *Which?* readers in 2015, 2016 and 2017.

RateSetter is regulated by the Financial Conduct Authority.

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