

BEWARE CREDIT REPAIR COMPANIES

All too frequently you can turn on your television, read the newspaper or be online and will see advertisements from companies claiming to be able to “repair your credit report” or “fix your credit history.” These companies often claim they can remove data from your credit report, or “clean” your report. This may be very enticing for anyone who has ever found themselves rejected for a credit card, a loan, or a mortgage because of defaults or other negative information on their credit report.

You should be wary of any organisation that promises to do these things. These credit repair companies often charge large fees for a service that most people can do themselves, for free. They will often overstate their ability to improve a credit report, given that if information on a credit report is accurate, it can't be removed. They may also have contracts that contain unfair terms, such as termination fees which penalise you for terminating the contract.

Some credit repair companies may also try to convince you to enter into insolvency arrangements which may not be suitable for your circumstances, or to consolidate your debts with a high-interest loan. Often these loans are either offered by the credit repairer themselves, or by an associated company. This may end up costing you more than if you had negotiated directly with your credit provider.

If there are errors on your credit file, you don't have to pay anyone to fix them. The consumer safeguards in the Privacy Act and Privacy (Credit Reporting) Code require credit providers and credit reporting bodies to promptly investigate and respond to consumers' correction requests about inaccuracies in credit reports. This is required to occur within a 30 day period. So long as the credit provider or credit reporting body has any kind of personal credit information about you (it doesn't need to be that information you're seeking to have corrected), they are required to assist you with your correction request.

If, after this initial investigation, you are then unhappy with how they addressed your correction request, you have the right to lodge a dispute with the credit provider's or credit reporting body's External Dispute Resolution (EDR) scheme. All consumer credit providers who provide information to credit reporting bodies must be members of an EDR scheme. EDR is independent, and it is free for consumers to use.

You can also ask a financial counsellor or community legal services for advice. Financial counselling is free, independent and confidential. To find a financial counsellor or community legal centre in your area visit www.CreditSmart.org.au/page/helpful-services.

You should remember, however, that information which is correct cannot be removed, so a credit provider or credit reporting body cannot be forced to remove that information to resolve a dispute with you.

MYTH:

I NEED TO PAY SOMEONE TO FIX OR REPAIR MY CREDIT REPORT

FACT:

THIS IS FALSE. FREE HELP IS AVAILABLE FROM CREDIT REPORTING BODIES, YOUR CREDIT PROVIDER, FINANCIAL COUNSELLORS, OMBUDSMEN, OR COMMUNITY LEGAL SERVICES. IT IS NOW EASIER TO GET ERRORS FIXED YOURSELF, FOR FREE.

Visit www.CreditSmart.org.au

CreditSmart is an information website developed by credit experts in conjunction with consumer advocates and government bodies to help you understand the credit reporting system.

Our goal is to help you understand how the credit reporting system affects you, by providing unbiased and fair information.

Tips on how to fix any errors on your credit report:

You might find a listing on your credit report that you feel is incorrect. If this is the case, you don't have to pay anyone to fix it. The consumer safeguards in the credit reporting system require credit providers and credit reporting bodies to investigate and respond to your correction requests about inaccuracies in your credit report.

Here are some tips about what you should do if you find information on your credit report which you think may be incorrect:

- » You should contact your credit provider or credit reporting body first and ask them to explain why the information is on your report. If you're not satisfied with their explanation, tell them why and request it is corrected. Remember, you can speak to any credit provider or credit reporting body who holds your credit information (not just the organisation responsible for the incorrect information) to ask them to correct it for you.
- » If you feel as though you cannot deal with the correction request on your own, or you have not had much success speaking directly to your credit provider or credit reporting body, make an appointment with a community legal centre or a financial counsellor who can help you through the process, their details can be found at www.Creditsmart.org.au/page/helpful-services. Community legal centres and financial counsellors provide free advice and assistance.

You can also visit www.CreditSmart.org.au for tips on how to deal with the error. Just remember: you do not have to pay a credit repair organisation to get the error fixed.

- » If you find information on your credit report that you think is incorrect, consider whether you have documents or other information to show that information is not accurate. To help ensure that your complaint is dealt with quickly by a credit provider or credit reporting body, it is always a good idea to provide them with the documents or information that shows an error has been made. Provide it as early as possible, as it may be critical to having the correction made.
- » If the information on your credit report turns out to be accurate, speak to your credit provider about what it means and how it may impact on you. Also consider what you can do to manage your credit effectively in the future. There are tips on managing credit effectively on the CreditSmart website. www.CreditSmart.org.au/how-manage-your-credit-effectively

