

The Equifax logo is displayed in white, bold, italicized capital letters within a dark red square. The word "EQUIFAX" is followed by a registered trademark symbol (®).

Understanding Your Equifax Score

An Overview of What Your
Equifax Score Means to You





CONTENTS

- 3 What is an Equifax Score?
- 6 What's in your Credit File?
- 8 How Equifax Scores work
- 13 What an Equifax Score considers

What is an Equifax Score?

Equifax Scores are generated by evaluating all the information on your credit file to produce a single score out of 1,000. When you apply for credit, this rating is calculated at the time of application by a mathematical equation which analyses multiple types of information from your credit file, and then compares this information to the patterns of a vast number of past credit files.

The Equifax Scores estimate your level of future credit risk and your ability to repay the amount that you will owe. Subscribers and other companies who have the authority to access your credit file in accordance with the Credit Reporting Privacy Code 2004 (hereafter referred to as the 'Code') can use your Equifax Score to assess your intention and ability to make payments.

The subscribers view a more complex score using a blend of scoring models called Equifax Score Plus. In contrast the Equifax Score is designed to be more easily understood by an individual.

The ability to quickly, fairly and consistently consider all of this information, including the relationships between different types of information, is what makes credit scoring so useful.

Equifax Score Plus* assists many credit providers to make an informed decision about whether they will offer credit.

Note: We do not score credit files where insolvency information is present.

How Equifax Scores Help You

The Equifax Score gives credit providers, and other authorised companies under the Code, a tool to more quickly estimate your credit risk.

Credit scoring focuses on the facts related to credit risk, rather than on subjective matters such as personal opinions or preferences. Factors like your gender, nationality, marital status, occupation, salary, employment history or medical and academic record are not taken into account by Equifax Score. So when a credit provider considers your application for credit, your Equifax Score offsets more subjective evaluation by providing a fair and objective evaluation of your credit history.

- **Consumers may get loans faster.** Your Equifax Score is included with the credit file which could help credit providers to speed up the loan approval process.
- **Previous credit problems are less important.** If you had a poor credit history, your Equifax Score will not be a permanent black mark. The impact of past credit problems on your Equifax Score lessens as time passes and as recent regular payment patterns show up on your credit report. Equifax Score weighs any past credit issues against the positive information that shows when you're managing your credit well. It is generated at the time of application.

*Hereafter we will refer to any score provided by Equifax simply as 'Equifax Score'



On its Own, Does my Equifax Score Determine Whether I Get Credit?

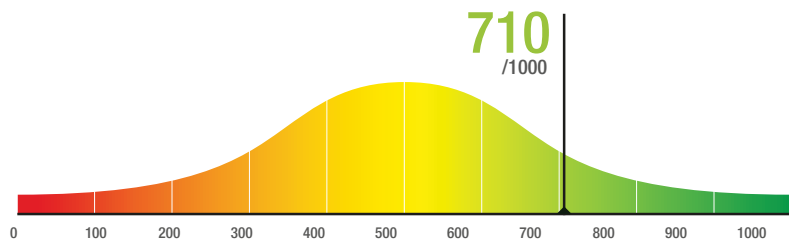
No. Most credit providers (i.e. banks, finance companies, telecommunication companies etc.) have a number of standards that they are required to meet, in order to make credit decisions, including the use of the information on your Equifax Score. Credit providers may look at additional information such as the amount of debt you can reasonably manage, given your income, your employment history, and your credit history. Based on their review of this information, as well as their specific underwriting policies, credit providers may extend credit to you, even though your Equifax Score is low, or decline your application for credit even though your Equifax Score is high.

You rate within the upper

▲ **50%**

of New Zealanders

Your Equifax **Score** rating is:



What Equifax Score Ratings Ignore

Equifax Scores consider a wide range of information on your credit file. However, they do not consider:

- **Your race, colour, religion, ethnicity, age, gender and marital status.**
- **Your salary,** occupation, title, employer or employment history. However, credit providers may ask you for this information as part of their own internal requirements.
- **Where you live.**
- **Certain types of inquiries, such as requests for your credit file.** Your Equifax Score does not take into account any inquiries you initiate or any inquiries from employers.
- **Any information not found in your credit file.**

How Quickly Can my Equifax Score Change?

Your Equifax Score is based on the information in your credit file at a specific point in time. Therefore, your Equifax Score can change whenever your credit files changes. It is calculated in real-time mode.

While defaults for example can lower your Equifax Score quickly, improving your Equifax Score takes time. That's why it's a good idea to check your credit file every six months, especially before applying for credit e.g. a large loan. This will allow you time to take action if needed. If you are actively working to improve your Equifax Score, we suggest that you check it quarterly to review any changes made.

How Can I Improve my Rating?

- **Pay all your accounts on time including court fines.** Due dates are always printed on tax invoices.
- **Ensure that no one else uses your identity to obtain credit** e.g. identity theft. You can track your credit reporting information through the My Credit Alert product offered by Equifax.
- **Only apply for credit when you really need it.**
- **Consolidate your debts.**
- **Only borrow from respected lenders.**
- **Try to pay any unpaid amounts as soon as possible.** If you are unable to do this, the next best thing is to contact your lender directly to come to an agreement or settlement which will change the unpaid status to “settled”.
- **Ensure you advise your credit providers early if you change your address.** If you do not advise them early they will continue to send your accounts to the address that they have on file and you will not receive them. This situation can result in a payment default occurring.

Your Credit File is the basis of your Equifax Score

Credit reporting agencies, such as Equifax, maintain information on millions of individuals.

Credit providers, such as banks, finance companies, telecommunications companies etc. make credit inquiries about their prospective applicants and customers.

Your credit file details your individual financial history (your financial behaviour), as it has been reported to us by credit providers who have extended credit to you, and other organisations who are authorised to access your credit file under the Code.

Your credit file itemises the types of credit you have applied for, such as a mortgage or personal loan, and when the application was made.

It gives credit providers and organisations a clearer view of your credit position and your past credit history. Credit providers also use their internal data sources, such as their own financial data and scoring methodologies, to arrive at a credit decision.

The ability to quickly, fairly and consistently consider all of this information, including the relationships between different types of information, is what makes credit scoring so useful.

What's in Your Credit File?

Some of the types of information that you will find in your credit file are recorded in the template below.

Note: The information in the template below will change each time you make an application for credit.

Your name, address details and DOB is the information that is used to positively identify you. This information is updated when credit providers make inquiries on your credit file.

1. Personal Information

Name: Amelia Ingrid Smith
 Date of Birth: 01/01/1965
 Also Known As Names: Amelia Smith, Amelie Smith, Amelie Ingrid Smith
 Current Address: 12 Queen Street, Auckland Central, Auckland
 Previous Address: 12 Queen Street, Panmure, Auckland

Repayment History shows what credit accounts you have and whether you're making your payments on time over the past 24 month period. Credit accounts include utility and mobile phone accounts as well as credit cards, loans and mortgages etc.

2. 24 Month Repayment History

Creditor: Bank ABC
 Creditor Type: Bank
 Product Type: Mortgage
 Account Number: xxxxxxxxxxxx57493
 Account Limit: \$150,000
 Pay Frequency: Monthly
 Account Status: Active
 Opened Date: 17/01/2010
 Closed Date: -
 Last Update: 05/08/2014
 Responsibility: Individual
 Identity: AMELIA I SMITH

Note: Your credit file may not reflect all your credit accounts as not all creditors supply information to us.

2017									2018									2019					
Q3			Q2			Q1			Q4			Q3			Q2			Q1			Q4		
Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct
		1	1	1	1	1	1	3	2	1	0	U	N	2	3	1	H	U	0	1	1	0	

Key: Account Status & Repayment History

Inactive (no utilisation)	Account has been deactivated	N	No Payment Due/Required
Active	Account is open	0	Payments up-to-date as at the cycle date. Overdraft with limit agreed
Suspended	Account is suspended. This may be for a variety of reasons.	1	Payments 1-29 days in arrears
Scheme of Arrangement	An agreement between the Credit Provider and the Account holder (and other creditors.)	2	Payments 30-59 days in arrears
Debt Sold	Where a Credit Provider has sold the debt to another company who will attempt to recover the money owed.	3	Payments 60-89 days in arrears
Hardship	Hardship is any situation where a customer has asked for and the Credit Provider has agreed to, temporary relief from the terms of a credit contract due to being unable to meet that financial commitment.	4	Payments 90-119 days in arrears
External Debt Collector	An external company is working to recover money owed to the Credit Provider.	5	Payments 120-149 days in arrears
Closed	Account is closed.	6	Payments 150-179 days in arrears
		X	Payments 180+ days in arrears
		H	Customer in Hardship
		R	Account has been re-aged by credit provider
		U	No update received by end of period
		-	Awaiting update for this period
			Status not available

3. Consumer Credit Inquiries

07/05/2019 Auckland Bank
Type of Account: Overdraft account
Amount: \$500

08/08/2018 South Island Finance Company
Type of Account: Property Mortgage
Amount: \$100,000

4. Inquiries

07/05/2019 Employer ABC
08/05/2018 Landlord ABC
09/05/2017 Employer 123

5. Payment Defaults

06/10/2018 South Island Finance Company
Reference: Credit Card account with the reference 15928TA
Date: 05/09/2018
Original Amount: \$5,000
Current Amount: \$4,120
Dispute: Currently in dispute
Correction: This is where a 150 word statement can be entered

These are the credit accounts you have applied for. The credit provider generally reports the type of account (credit card, mortgage etc.), the date you applied for the account, and the credit limit or loan amount applied for.

This section contains a list of who has accessed your credit file within the last four years.

Credit reporting agencies collect information on overdue debt, which is more than 30 days overdue, and when steps have been taken to recover the amount owing.

How Equifax Scores Work

In order for an Equifax Score to be calculated, you must live (or have previously lived) in New Zealand and have a credit history, and your information must be on the Equifax database.

When you have given your consent to a credit provider to access your credit file, they will be provided with your credit file as well as your Equifax Score. The information in your Equifax Score is dynamic and calculated at the time of access.

This is why your Equifax Score changes from one application to the next. This means that if you have applied for credit at a number of credit providers, in order to establish who will give you a better interest rate, then this will affect changes to your Equifax Score. Please be aware that some credit providers present your rating differently.

Your Equifax Score is always calculated at the time of making an application. A mathematical equation extracts multiple types of information from your credit file, comparing this information to the trends shown by an extensive database of past credit files.

Equifax Scores ratings provide a reliable guide to future risk, based solely on credit file data. The range is from 0 to 1,000. The higher the Equifax Score, the lower the risk. The lower the Equifax Score, the higher the risk. A low (or zero) Rating does not necessarily mean that the application will be declined. Similarly, a high Equifax Score does not guarantee that the application will be approved. Many organisations use Equifax Score to help them to make informed decisions, along with their internal policies, processes and procedures, to assess an acceptable level of risk for a given product. Some credit providers have their own scoring models. It has been proven statistically that past credit behaviour can be predictive.

There is no single “cut-off rating”. The outcome of the Equifax Score is an indicator only and is the tool that organisations use to make decisions.

Why does the Equifax Score range from 0 - 1,000?

The Equifax Score of 0 to 1,000 is based on, and is consistent with, International standards. This range provides the flexibility to capture variations in scores, without losing its predictive power.

What Makes a Good Equifax Score?

Since there's no specific “cut-off rating” used by all credit providers and other authorised organisations, it is difficult to define what a good Equifax Score actually is, because it only applies to a particular one off situation e.g. a credit application. Every credit provider uses our Equifax Score in combination with their own internal ratings and policies to make a decision.

Checking Your Equifax Score

Credit providers and other authorised companies check your credit file and Equifax Score to be able to view your past credit history. It's easy to check your Equifax Score by purchasing a My Credit Alert.

However, you are also entitled to get a copy of your credit report for free (to be supplied within 10 business days) or if you require this more quickly for a modest amount (to be supplied within 3 business days).

From 1 July 2019 your Equifax score will be provided to you when you request access to your credit report.

You can find out more about all of our services on our 'Products' page on our website mycreditfile.co.nz.

If you plan to make a major purchase, like a car or a house within a period of six months, then it is a good idea to check your Equifax Score well in advance. This will give you time to verify the information on your credit file, to address any incorrect information, and take any necessary actions to improve your Equifax Score. In general, each time you apply for new credit, re-finance or a new loan is the best time to check your Equifax Score.

How Can Mistakes Appear on my Credit File?

If your credit file contains incorrect information, it may be because the file is incomplete, or it refers to information about a different person. This may happen because:

- A clerical error may have occurred while reading or entering the name or address information from an application.
- You previously applied for credit under a different name.

Amending Your Credit Information

We must take reasonable steps to ensure the credit information we hold about you is accurate, and we must act promptly when we become aware of any errors, to correct them. This will usually involve checking the information you provide with the source, such as a subscriber (or creditor), who submitted a default (for example).

If you think there are inaccuracies in your credit file, there are steps you can take to request that any inaccuracy is corrected or investigated. These steps are outlined in the “My Credit File Explained” brochure, which you will receive when you order any product. You can also visit www.mycreditfile.co.nz for a copy of this brochure within the FAQ Section.

We must, as soon as is reasonably practicable, decide whether to make the correction you have requested or to confirm the accuracy of the information. If we need longer than 20 working days to make a decision, we must notify you of the extension and the reason for it. If the requested correction is not made, we must tell you the reason and you may ask to have a statement of the correction sought but not made. This statement will be included in your credit file.

If a correction is made or a correction statement added, we will send an amended report to any subscriber of Equifax recorded as having accessed your credit file within the last 30 days, and also to you.

Information about a bankruptcy that has been discharged, or a default that has subsequently been paid in full, can continue to be reported on your credit file, provided it is updated to reflect the later developments, as it remains an accurate statement of those historical events.

Credit Suppression

Where you believe that you have been, or are likely to be, a victim of fraud (including identity fraud) and you can verify who you are, you can contact a credit reporter (such as Equifax) and ask for an initial suppression for a ten day period. In return you may be given a unique password or PIN.

This suppression, if you can verify your identity, and if granted, aims to block access to your credit file for the purpose of originating new credit – taking out a loan using your identity.

Please note; your credit file will still be updated with default information such as defaults on debts, judgments or insolvencies.

At the end of the ten days you may apply to extend the suppression but you will need to produce evidence of the likelihood of fraud e.g. a police report. You may also ask Equifax to lift the suppression to enable you to apply for credit.

Monitoring for Identity Theft

Equifax has a product called My Credit Alert which may be useful to help detect and prevent identity theft. Identity theft is when a person takes your identity details – such as your name, credit card number, or any other identifying information, without your permission and then uses your identity to obtain credit (i.e. to open accounts, take out loans, buy cars etc.).

My Credit Alert will notify you within 24 hours via email, with details of who is accessing your credit file and the purpose of this access.

Other steps to protect your identity:

- File a report with your local police station.
- Obtain a copy of your credit file to confirm if someone has used your identity.
- Contact the credit providers directly and inform them of the fraudulent activity, otherwise they will hold you liable and responsible for any bad debt incurred. Close any accounts that have been interfered with or opened fraudulently.
- Call and report the matter to each Credit Reporting Agency within New Zealand to notify them so that they can update their records.

We recommend you regularly check your credit file. You can manage your credit reporting information throughout the year with My Credit Alert.

Protecting Your Privacy

To reduce the likelihood of identity theft happening to you, protect your personal information by following these simple rules:

- Know what is on your credit file.
- Monitor your credit file so that you receive notification every time a credit enquiry is made to Equifax using your personal details.
- Sign all of your new credit cards, eftpos cards etc. as soon as you receive them.
- Store all of your payment resources in a safe place, including credit cards, eftpos cards, cheques and account information.
- Shred any paperwork that contains your personal details or account details before disposing of them.
- To address any incorrect information on your credit file, you need to work directly with the credit reporting agency as well as your credit provider, and/or other authorised organisation.
- Keep your PIN (Personal Identification Number) confidential and do not write the PIN down.

Remember, identity theft can happen to anyone.

How Does the Equifax Score Work for First Time Credit Applicants?

Equifax Score uses an internal mathematical equation; taking into account other information such as how often you have changed your personal address and the type of product you are applying for.

Statistical analysis suggests that having no credit track record could increase your risk and your ability to obtain credit. You will need to discuss this further with the credit provider and explain your situation.

Have You Taken Into Account my Inquiries, Where the Credit Provider has Processed Duplicate Credit Checks for the Same Application?

Yes, an Equifax Score takes multiple inquiries into account, but this is only a part of many aspects used to generate the scores. Equifax applies a de-duplication process prior to scoring, to remove obvious duplication.

I'm a Company Director; What About the Inquiries Which Relate to my Companies – Would These Affect my Personal Score? And if so, Why?

It will have an impact, and you will need to discuss this further with your credit provider and explain to them that you hold a number of directorships. You need to be aware that for a personal inquiry to be done on your behalf as an individual, you must have given your consent to the credit provider.

How Does the Equifax Score Count Inquiries?

If you are seeking credit from a number of credit providers, in order to get the best deal possible, then each application will be used in the Equifax Score.

The Equifax Score takes into consideration all inquiries made. This is important because not all inquiries are related to credit risk. There are three important facts about inquiries and these are listed below:

- **Inquiries usually have a small impact.** For most people, one additional inquiry will only take a few points off their Equifax Score.
- **Many kinds of inquiries are ignored completely.** Your Equifax Score does not count an inquiry when you order your credit file. Inquiries that are marked as coming from employers, or that are for a quotation, are not counted either.

What an Equifax Score Considers

Listed on the next few pages are the main categories of information that Equifax Score analyses. Within these categories is a complete list of the information that goes into a Equifax Score. Please note that:

- A Equifax Score takes into consideration all permitted categories of information, not just one or two. No single piece of information or factor alone will determine your Equifax Score.
- The importance of any factor depends on the overall information in your credit file. For some people, a particular factor may be more important than for someone else with a different credit history. In addition, as the information in your credit file changes; the importance of any factor in determining your Equifax Score will fluctuate.
- Therefore, it's impossible to measure in isolation the exact impact of a single factor.
- We do not score credit files where insolvency information is present.

1. Defaults, Collection Defaults and/or Judgement Information

Defaults, collection defaults and/or judgments on a credit file are very powerful indicators of increased credit risk. This risk is increased further by higher levels of defaults or judgments, more recent defaults and higher proportions of unpaid defaults.

Your Equifax Score takes into account:

- The volume of defaults, collection defaults and/or judgments on your credit file.
- How recently your defaults etc. have been added to your credit file.
- The proportion of unpaid defaults on your credit file.
- How long your credit file has been established

2. Age of Credit File (i.e. Length of Credit History)

Overall, an older credit file will increase your Equifax Score. However, even people who have not been using credit for long may get high Equifax Scores, depending on the content of the overall credit file.

Your Equifax Score considers:

- How long your credit file has been established. Your Equifax Score considers the age of your oldest account, the age of your newest account and an average age of all your accounts.

Our Tips

- Keep balances low on credit cards and store cards. Your credit limit is not a target. High outstanding debt can lower your Equifax Score.
- Pay off debt, rather than moving it between accounts or banks. Paying off your debt is the most effective way to improve your Equifax Score.
- Don't open a number of new credit cards and store cards, as this could impact your rating and may result in you over extending your debt. Be aware of hire purchase agreements – if you do not pay on the due date given, this could incur costly late penalty charges.

Our Tips

- **Be careful when opening new accounts that you do not need.**
Opening new accounts can lower your Equifax Score in the short term. Beware of discounts or low interest rates being offered to persuade you to open a new account that you do not need.
- **Re-establish your credit history if you have had problems.** Opening new accounts responsibly, and not defaulting on any payments due, will raise your Equifax Score in the long term.
- **Remember that it's okay to request and check your own credit file.**
This won't affect your Equifax Score, as long as you order your credit file directly from Equifax.
- **Try not to apply and/or open many new credit accounts too quickly.**
This may lower your Equifax Score if you do not have other credit information. Even if you have used credit for a long time, applying and/or opening a new account can still lower your Equifax Score.
- **Apply for, and open, new credit accounts only as you need them.**
Do not open credit accounts just to have a better credit mix – it may not raise your Equifax Score.
- **Note that paying off a default, for example, doesn't make it go away.**
A paid default will still show up on your credit file, and its history will be taken into account by your Equifax Score. It will now show the status as being paid; however, it will still appear on your credit file for five years.

3. Individual Credit Shopping Pattern

These days, people tend to shop around for credit and in general have access to credit through other channels, such as a 24 months interest-free hire purchase plan. Applications for credit over the internet are also used more frequently than ever before. Actual credit applications are included in your credit score. Inquiries about the cost of credit in the context of a quotation are not included in your credit score.

Research shows that applying (successfully or unsuccessfully) and/or opening several credit accounts in a short period of time does represent a higher risk, as does the type of credit product that you are applying for. The Equifax Score will consider your mix of credit products, such as, credit cards, store cards, instalment loans, finance company accounts and mortgages.

Your Equifax Score considers:

- **The type of credit application you have made.** Your Equifax Score looks at how many new applications you have made by type of credit product (for example, how many credit card applications you've made).
- **How many new applications for credit you have made, as indicated by inquiries.** Inquiries remain on your credit file for four years.
- **The lengths of time since credit file inquiries were made by credit providers.**

4. Insolvency Information

The existence of any current, or prior, insolvency information on the credit file is a very powerful indicator of increased risk. Insolvency includes Bankruptcies, No-Asset Procedures (NAP) and Summary Instalment Orders (SIO), whether discharged or current.

We do not score credit files where insolvency information is present.

5. Demographic Stability

Information such as your residential stability (time at an address) can have an impact on credit risk. Research shows that an applicant with a more stable residential history does represent a lower risk; this also applies to more mature applicants.

Your Equifax Score takes into account:

- How often your residential address has been changed. Your Equifax Score considers the age of your oldest address, the age of your newest address and an average age of all your addresses.
- This situation can indicate instability and can affect your Equifax Score.

Our Tips

Budgeting

- Live well within your financial means e.g. your salary.
- Apply the following thinking: Do I need it or do I want it?
- Prepare a budget each month and stick to it and buy only essentials.
- Plan carefully before you purchase big ticket items e.g. cars, plasma TV.
- Consider your life style and remember it's OK to say no from time to time if you are tempted to spend.
- Make a list of all your accounts due each month, quarter or annually and budget for them in your monthly expenditure.
- Don't be seduced with special promotional offers where payment is only due in 60 months' time.
- Paying an instalment each month will reduce the debt capital and debit interest accrued at the end of the period.
- Pay off your debts first before applying for additional credit. Doing this will increase your chances of getting credit in the future.
- Focus on paying off loans with the highest debit interest rate first.
- Debts increase when you don't pay them off regularly because debit interest is accrued each month and capitalised.

For further clarification on our terms and definitions, please see the FAQs on our website www.mycreditfile.co.nz

Or contact our Public Access team by emailing:
publicaccess.nz@Equifax.co.nz

Or telephone 0800 692 733 (NOTE: If you are calling from a mobile or from overseas please call 09 367 6200)



For more information:

0800 692 783

www.mycreditfile.co.nz

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