

What You Should Know About Your Credit Report

Many Canadians have never looked at their own credit report. Knowing what is in your credit report is important. Obtaining a copy of your credit file on a regular basis helps you manage your financial situation. To obtain a copy call...

Equifax Canada Inc. 1 800 465 7166
Trans Union of Canada 1 800 663 9980

Once you have placed your request, the credit-reporting agency will mail your report to you. It is recommended you get your report from both agencies to ensure accuracy.

Frequently Asked Questions:

What exactly is a credit file?

A credit file is created when you first borrow money or apply for credit. Companies that lend money or issue credit cards to you, including banks, finance companies, credit unions or retailers, send specific factual information related to the financial transactions they have with you to credit reporting agencies, on a regular basis. For example, it might include a listing of your credit cards or lines of credit as well as a history of whether or not you have paid on time. If you declared bankruptcy, that will also appear. If you did not pay a bill and your account was sent to a collection agency that will show as well. Your credit file is a report of your financial history and performance with credit grantors.

Why is my credit file important?

When applying for credit or opening an account, the credit grantor wants to ensure that if they lend you money, you will pay it back. When your credit file demonstrates that you pay your debts on time, you are more desirable as a potential customer.

If you have had past late payment history, a credit grantor wants to know how you have been managing your debt since then. Your credit file also shows how much you already owe. Credit grantors want to evaluate your financial position and ensure you have the capacity to pay.

What information does a consumer credit report contain?

There are six different sections in a consumer credit report.

1. **Personal Identification:** Contains key identification information – name, address, birth date and Social Insurance Number (SIN).
2. **Inquiries:** Lists all individuals or organizations that have requested a copy of your credit file in the past 3 years.
3. **Public Record Information:** Contains information about secured loans, bankruptcies and/or judgments.
4. **Third-Party Collection Agency:** Contains information about involvement with a collection agency trying to settle a debt.
5. **Trade Information:** Provides details of your credit transactions and show whether payments are being made as agreed. The credit grantor evaluates each of these trade items. Evaluations are based on industry standard ratings, which use a range from R0 to R9. R0 indicates you are too new to rate; R1 indicates that you pay within 30 days of billing or as agreed; R9 indicates a bad debt, collection or bankruptcy.
6. **Consumer Statement:** This is where you can add a brief comment about any information in your file. For example,

if you have an R9 rating, you may want to explain that you suffered a setback due to illness, temporary unemployment or other extenuating circumstances.

What is a rating?

Every piece of credit history information in your credit file is assigned a rating by the credit grantor. These are R ratings. The R indicates that the item being described involves revolving credit. If you always pay on time, the item will be coded an R1. If an amount was written off because you never paid it back, it will be coded R9.

What the ratings mean:

- R0** Too new to rate, approved but not used.
- R1** Pays (or paid) within 30 days of payment due date or not over one payment past due.
- R2** Pays (or paid) in more than 30 days from payment due date, but not more than 60 days, or not more than two payments past due.
- R3** Pays (or paid) in more than 60 days from payment due date, but not more than 90 days, or not more than three payments past due.
- R4** Pays (or paid) in more than 90 days from payment due date, but not more than 120 days, or four payments past due.
- R5** Account is at least 120 days overdue, but is not yet rated "9".
- R7** Making regular payments through a special arrangement to settle your debts.
- R8** Repossession (voluntary or involuntary return of merchandise).
- R9** Bad debt, placed for collection, moved without giving a new address.

Other rating indicators that might be found on a report are "I" for installment credit or "O" for open credit.

There are a few simple ways to keep a solid credit rating. Pay your bills and debts promptly and always meet payment due dates. Borrow only the amount you can afford to repay. Draw up a budget to control your spending. Review your credit file regularly to stay informed about the details of your credit file.

Mark Bryars
Manager, Residential Mortgages

Phone: 905 827 9533

Fax: 905 827 9637

www.tdcanadatrust.com/msf/markbryars



Canada Trust