

This is a really boring article!

However if you don't read it, you WILL regret it in a few years to come.

Although you may not be looking for a loan or to refinance right now... some time in the next few years you more than likely will.

AND if you don't read this article TODAY, then when that time comes we may not be able to help you, and if we can't help you – the banks certainly won't.

We are about to enter what we will come to know as the BIGGEST change in privacy reforms in history.

(See I told you it would be boring!)

The Privacy Regulation 2013 (made under the Privacy Act) to commence on 12 March 2014 was registered on 17 December 2013 - so the information I am about to share with you already started late last year.

The amended Act includes changes to how financial institutions can collect, use and disclose your information to credit-reporting bodies.

What does this mean?

It means that your financial institution is allowed to share your credit liability information and your repayment history by providing details of whether your payments have been made on time OR NOT.

If you fail to make loan or credit card payments on time, it may affect your ability to obtain credit in the future.

Who does this affect?

EVERYONE. Even the wealthy.

***You now have a credit rating!
You didn't just before Christmas.***

Before December 2013 no one had a good credit rating – even if you were good. It just didn't exist.

You will have an existing credit report if you have applied for any form of credit.

This can include:

1. Phone contracts
2. Credit cards
3. Residential or personal loans
4. Hire purchase/car loans

What does this mean for you?

If you've been good (and I mean really good) – then not much.

If you've been bad, then we have some work to do.

What is bad?

If you have ever:

- Missed a payment (even unintentionally).
- Overextended your credit card (even just a little).
- Gone on a holiday, racked up your card and then delayed payment for as long as you can until the bank is knocking on your door, then this is considered bad.
- Had overdue accounts or payment defaults.



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What does this mean when you are applying for a loan?

If one bank rejects you, then the next one will more than likely too, even if they don't know the other lender's reason.

'You need a mortgage broker now more than ever... Gone are the days when you can go to a bank to negotiate your own mortgage.'

Why?

Because if you don't know how to present your financial position in the absolute best light for the lender and then the lender declines you - it's on your record.

When you use our mortgage broking services, we will know who the best lenders for your situation will be and there will be a greater chance of having your loan approved. Now we can't promise this by the way. But you are going to have a greater chance with a broker than you will by trying to do this yourself.

Your credit information will be available to all financial institutions. Also, if your mortgage insurer declines your insurance, then guess what? - the next one probably will too. Without any reason except that someone else has.

What can you do about maintaining a good credit rating?

- Keep an eye on your repayments – DO NOT be late or miss them.
- Don't overuse your credit card.
- Don't apply for too much credit.
- Use direct debit to pay your bills on time - most institutions allow you to direct debit the minimum balance EVERY month. Even if you like to pay the balance in full this will ensure that your payment is made on time. You can then pay the additional (balance) each month as you please.
- If you are going away for an extended period and you know a bill will be due then schedule the payment for the due date via internet banking - or ask someone else to pay it while you're away (if you can trust them to pay it on time). But can you really afford to put this responsibility in the hands of other people? You simply cannot do a double payment in March to cover a payment for April. It has to be scheduled against the actual date.

Who should you tell?

- Everyone! Especially teenagers and young adults who may be looking to get their first home loan soon.
- Anyone you know who is struggling financially at the moment who you know isn't paying their bills on time.
- Everyone you care about who will need finance in the future.

So, what's the good news?

- These changes were made to provide you with increased protection over how your information is held and shared.
- Lenders will now have a better understanding of your credit needs and your ability to repay any debts.
- If you have an excellent payment history, this WILL HELP YOU obtain finance in the future.
- You have additional rights for accessing your credit information.
- You can complain if you think the information held or shared about you has been mishandled.

To apply for a free copy of your credit report, contact these national credit reporting agencies:

You don't have to pay a fee to get a copy of your credit report, you may just have to wait a little longer to get it.

Veda: MyCreditFile.com.au

Phone: 1300 762 207

D&B: CheckYourCredit.com.au

Phone: 1300 734 806

Experian: Experian Credit Services

Phone: 1300 783 684

Or call the office for help.

For more information review The Privacy Law Reform
<http://www.oaic.gov.au>

If you would like to know more about your credit score call the office for our article 'keeping score'.