

The following information are extracts are from credit guides on the Experian website.

Your credit score is important. The higher your credit rating, the better your chances of being accepted for credit at the best rates. It can influence your ability to get things like credit cards, loans, mortgages, mobile contracts and more.

How can I build up my credit history?

1. **Get on the electoral roll.** It's quick and easy to register on the electoral roll, even if you live at home or in shared accommodation. Lenders use this information to confirm your name and address are correct and up to date, so it's crucial to building your credit history.
2. **Open a bank account.** Having a bank account and managing it well shows companies you're financially responsible and starts to build your credit history positively. If you have an overdraft, stay well below the limit (using no more than 25% of it is a good rule of thumb) and try to pay it off as quickly as possible.
3. **Get a credit card.** If you've opened a bank account and are managing it well, the bank may also be willing to give you a credit card to build credit. Paying it off on time and in full each month will help build a positive credit history and improve your score.
4. **Take out a small form of credit.** This might be a mobile phone contract or store card. They're usually easier to get accepted for than credit cards but can still demonstrate your ability to pay your bills on time and be financially responsible.
5. **Manage your household bills well.** Looking after your utility accounts (e.g. water, gas and electricity) can help build your credit history and show lenders you're responsible. Even your rent payments can improve your score, provided you make them on time and in full.

Tips to improve your credit score

1. **Build your credit history**
Having little or no credit history can make it difficult for companies to assess you, and your credit score may be lower as a result. This is a common problem for young people and people who are new to the country. Luckily, there are some steps you may be able to take to build up your credit history
2. **Make regular payments on time**
Paying your accounts on time and in full each month is a good way to show lenders you're a reliable borrower, and capable of handling credit responsibly. Old, well-managed accounts will usually improve your score.
3. **Set up direct debit payments.** Late or missed credit payments can lower your score and may stay on your report for up to six years, so paying bills on time is essential. Consider setting up direct debits for your payments to ensure you don't accidentally miss one. An unpaid and ignored debt may result in a CCJ (County Court Judgement) which can negatively affect your credit.
4. **Keep your credit utilisation low**
Your credit utilisation is the percentage you use of your credit limit. For example, if you have a limit of £2,000 and you've used £1,000 of that, your credit utilisation is 50%. Usually, a lower percentage will be seen positively by lenders, and will increase your credit score as a result. If possible, try and keep your credit utilisation below 30%.

5. **Check for errors and report any mistakes on your report**

Even small mistakes, such as a mistyped address, can affect your score and could be enough for a lender to refuse you credit. It's worth checking your credit report to make sure all the information on it is accurate and up to date.

If you do spot a mistake, contact the provider directly and ask them to change it. If there is negative information that is correct but occurred during special circumstances (such as a period in hospital or losing your job) you can ask us to add a Notice of Correction to your credit report explaining this.

6. **Monitor your credit file for fraudulent activity**

If fraudsters gain access to your personal details, they could take out credit in your name without you being aware. If you see something on your credit report that is wrong, such as an application you don't recognise, report it immediately.

7. **Avoid moving home a lot if you can**

This isn't always possible to avoid, but it's worth bearing in mind that lenders like to see stability in your circumstances. Moving home frequently may make lenders think you could be having trouble paying rent, for example.

8. **Keep old accounts open and show a long credit history**

It can be good to show lenders that you can successfully manage multiple credit accounts, especially over a long period of time. Most credit scoring models tend to reward you for having long-standing, mature credit accounts, and for only using a small portion of your credit limit.

Tips to keep your credit score healthy

1. **Limit credit applications**

Applying for credit frequently in a short space of time can make lenders think you're overly reliant on credit and therefore a higher risk. It doesn't matter what form of credit you apply for, or how much you're asking to borrow – each application will record a hard search on your report which companies can see. So, try to space out any credit applications – a good rule of thumb is no more than one every three months, but remember lenders' criteria can vary.

2. **Avoid defaulted accounts**

Defaulted accounts usually occur when your relationship with the company has broken down, usually because you've missed several expected payments. Defaulted accounts can have a significant impact on your credit score

3. **Only borrow what you can afford**

Getting into trouble with debt may lead to things like County Court Judgements (CCJ), an Individual Voluntary Agreements (IVA) or even bankruptcy. These things will stay on your credit report for at least six years and will have a significant, negative impact your credit score.