

Module 7 - Credit reporting

HANDOUT 7-4

Reading a credit report

The information in an Equifax credit report varies slightly from a TransUnion credit report, but both contain the same basic sections:

Personal information

This can include your name, address, previous addresses, birth date, social insurance number (SIN), and current and past employers. Check to make sure all the information is correct and up-to-date.

Inquiries

This section lists any people or companies who have asked for a copy of your credit report. Check to make sure no inquiries have been made without your permission. Having too many inquiries can have a bad effect on your credit score. Your own requests to see your own credit report do not affect your score.

Account information

This section contains information about all of your credit accounts including loans, credit cards, department store cards, lines of credit, and consumer loans. The account information usually includes the creditor, account number, balance owed, credit limit, and the rating on your account.

All account ratings contain a number and a letter. The letter is an **R, I, or O**. This refers to the type of credit you have.

“R” stands for revolving credit. This is the kind of credit where you are given a limit up to which you can spend. When you make a payment, that credit is ready to use again, so it ‘revolves’. Examples of revolving credit include credit cards, overdraft protection, and lines of credit.

“I” is for instalment credit. This is the kind of credit where you receive an amount of money all at once and then pay back in regular instalment payments until the balance is zero. Examples include a car loan, student loan, or mortgage.

“O” stands for open credit. This is the kind of credit where you get a bill in the mail monthly and you are expected to pay it in full. Examples include a phone bill or utility bill. These often do not report on a regular basis to the credit bureaus.

Each credit account also gets a number rating on a scale between 0 and 9. R1 means you pay your bills on time according to the terms of your credit agreement. R9 means you have not paid **your bills as agreed** and the account has been placed for collection.

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For instance, you may have an R1 on a credit card if you pay it on time every month. At the same time, you might have R9 on a student loan you did not pay and was sent for collection.

Rating	Description
R0	Too new to rate: approved but not used
R1	Pays within 30 days of billing, or pays as agreed
R2	Pays in more than 30 days but less than 60 or one payment past due
R3	Pays in more than 60 days but less than 90 or two payments past due
R4	Pays in more than 90 days but less than 120 or three or more payments past due
R5	Account is at least 120 days past due but is not yet rated R9
R6	No rating exists
R7	Paid through a consolidation order, consumer proposal or credit counselling debt management program
R8	Repossession of security
R9	Bad debt or placed for collection or bankruptcy

These ratings affect how people will view your report and your credit worthiness. Make sure that all the information in this section is correct.

Banking information

This contains information about any bank accounts you have. It will also include whether you have any Not Sufficient Funds (NSF), or 'bounced' cheques on your account.

Public information

This is any information about accounts that have gone to collections. It will say if you have ever been bankrupt. It also lists judgements made against you when a creditor has taken you to court.

Consumer statement

This is where you can add a statement to explain any of the information on your report. For instance, if you received a poor rating on one of your accounts, you could explain that you were unemployed for a time or that you suffered a set-back due to illness.