Good Practice Lending Guide

RM08 Credit Reference Agency

September 2025

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Note on legal and regulatory updates

This note should be read alongside the Disclaimer at the start of this Guide.

Laws and regulations can change. While this Guide is reviewed periodically, it may not always capture the latest developments.

For the most up to date information, please refer to the relevant official sources, including (but not limited to):

- **Financial Conduct Authority (FCA)**
  - FCA Handbook
- **UK Government**
  - Government policy papers and consultations
  - Credit union common bond review
- **Bank of England / Prudential Regulation Authority (PRA)**
  - PRA Rulebook for Credit Unions
  - PRA Supervisory Statements for credit unions
  - Policies relating to credit unions
  - Annual Assessment of the Credit Union Sector
  - Regulatory expectations
- **UK Legislation**
  - The Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 – (see RM6)
  - UK's Data Protection – (see RM 12)
- **Financial Reporting**
  - Financial Reporting Standards (FRS) – (see RM14)

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1 Introduction

Lenders understand that if an individual has a poor credit history with one lender, then they may default on loans taken out with another. The converse applies where those with a good history of repayment tend to be good customers again in the future.

However, there can be circumstances where past payment history is not necessarily a predictor of future intention or ability to repay a credit commitment. To treat customers fairly it is important to also consider a customer's current circumstances and future ability to meet their ongoing credit commitments. To obtain the best understanding of a customer's credit history it makes sense for lenders to follow a 'you get out what you put in' policy of sharing information about the repayment behaviour of their customers. In many markets, the idea of sharing information with competitors would be considered undesirable. However, the accepted wisdom within the credit industry is that the benefits of obtaining customer information from many other lenders far outweigh any loss that might result from sharing information about their own.

This is where Credit Reference Agencies come in. They are an organisation that collects, owns, and controls access to information about the financial status of individuals or other financial entities (such as limited companies).

1.1 Scope of this document

The scope of this document, as part of the Good Practice Lending Guide, is to provide more in-depth information about Credit Reference Agencies (CRAs) rather than specific guidance on when and how they should be used.

The remainder of this document describes what a credit reference agency (CRA) is, how CRAs operate and the data, products, and services that they provide. The relationship between data sharing and data provision is explained with reference to the Steering Committee on Reciprocity (SCOR), rules of reciprocity that dictate how organisations are permitted to use data that they receive from CRAs.

The nature and type of data that needs to be provided to the CRAs as part of a regular monthly submission is also covered, ie how fields need to be defined, together with the data quality checks and processes that need to be in place to correct errors in the data, or where there is an "Event" such as a pandemic that requires mass overriding of standard reporting.

2 Credit reference agencies

In this section, we describe what a credit reference agency is, who they are and why they are important.

This section will also cover how lenders and organisations should submit their data to credit reference agencies and how this impacts the data they are permitted to receive.

2.1 What is a credit reference agency?

A credit reference agency (CRA) is a name used interchangeably with credit bureau; they are the same thing.

CRAs are independent bodies that collect and hold information from private lenders/organisations and publicly available data. This information is known as 'raw data'. CRAs then use this raw data to derive bespoke fields, summarised data, products, and services that can be used by lenders and individuals.

The benefit of CRAs is that the lender can get visibility of the customers financial history and this information is available to lenders in a consolidated view. This can be particularly useful for smaller lenders, such as credit unions, who do not necessarily have the IT infrastructure to easily extract, record or analyse their customers and applicants' data.

2.2 What is credit reference agency data used for?

Lenders and other organisations can carry out a search with the CRA(s) they have membership with, and the data provided by the CRA helps lenders and organisations make an informed lending decision at the application stage. However, it is important to note that CRAs do not make lending decisions.

CRA data can also be used as a customer management tool. For instance, lenders reassess existing accounts at the monthly cycle point when customers statements are produced, to make decisions about changes to credit limits, interest rates, or the marketing of additional products and services. Any new offers or account changes can then be communicated to the customers through several channels, for instance, their monthly statement letter.

Credit reference data may be incorporated into the decision process, often in the form of a credit score. A lender will provide a file of accounts, on a daily or monthly basis, to which the credit reference agency attaches relevant information and credit scores. Of particular interest are cases where a customer has a good repayment record with a lender, but where there is evidence of current payment problems with other lenders. In this situation, the lender will be unlikely to want to offer a customer an increased credit

facility or market new products to them.

CRAs have several other uses, such as preventing bad debt and unaffordable lending, verifying someone's name and address, identifying, and tracking fraud, combating money laundering, and supporting bad debt recovery and debtor tracing. Central government, local authorities and public bodies can also access CRA data to check customers' entitlement to benefits and to recover outstanding debts such as unpaid taxes.

CRAs work with both lenders and organisations, whereby lenders are a financial institution that makes offers loans or credit directly to a consumer, such as banks, building societies, credit unions and collection agencies. Whereas an organisation is a collective group that provides a service or product to an individual for a price, which may include instalments. Examples that CRAs work with include mobile phone companies, major retailers, insurance companies, utilities providers and public sectors.

CRAs are regulated by the Financial Conduct Authority (FCA).

The remainder of this document will refer to lenders for simplicity, but this incorporates both lenders and organisations.

2.3 Who are the credit reference agencies?

There are 3 main CRAs in the UK:

- Experian
- TransUnion
- Equifax

It is worth noting that there is a fourth CRA: Crediva, who obtained their FCA license in 2017. It's unlikely that many lenders will currently use Crediva as they are very new to the market.

2.4 Principle of Reciprocity

CRAs are partnered with the Steering Committee on Reciprocity (SCOR) which is a forum made up of representatives from credit industry trade associations, credit industry bodies and credit reference agencies. They operate on behalf of these representatives and make recommendations on the matter of the Principles of Reciprocity.

The Principles of Reciprocity are a set of guidelines that govern the sharing of personal credit performance and related data via the closed user groups of the CRAs.

The purpose of the principles is to get lenders to submit the data they have available and in return they can receive the same level of data, essentially 'you get out what you put in'.

The rules allow full account information (meaning information about good paying accounts as well as those that are delinquent) to be used for identity verification and credit vetting. Details of good payment performance cannot be used for marketing purposes to target customers from rival organisations; for

example, in a mailing campaign to attract low-risk credit card holders who maintain high balances (and hence a very profitable customer segment). However, the use of derogatory credit information is allowed for the purpose of pre-screening mailing lists to de-select those individuals with a history of serious arrears (3 months or more behind in their payments). This is in line with the concept of responsible lending by not encouraging further borrowing by individuals who have a proven record of financial difficulty.

Credit unions have full credit-related data, so if they submit this level of data to the CRA they can receive the full credit level of information back from the database. On the other hand, an insurance company that does not provide credit information will only be able to access the public level data such as CCJs/bankruptcies and Electoral Roll (ER) information and geodemographic data which is based on postal areas.

2.5 Data submissions

Individuals' information is protected by the Data Protection Act. The individual must provide the lender with consent for their data to be shared with the CRAs and this will typically be tied into the lending agreement.

There is no requirement under data protection laws for lenders to report the data they hold to a CRA. Lenders can choose to make a data submission to 1, 2 or all 3 CRAs, free of charge, or may choose not to submit their data at all. This can lead to differences in coverage between the CRAs which can ultimately lead to different credit reports across the CRAs for the same individual.

Although it is a choice, large lenders such as banks and building societies will submit to all 3 CRAs. Smaller lenders with less capacity may chose not to submit to all 3 CRAs and this, along with timing differences in submissions and processing and alterative logics, particularly in the process of name and address matching between the CRAs can mean there are differences in Credit Reports across the 3 CRAs

As mentioned in Section 2.4, if a lender chooses not to submit the information that they hold, then they will be unable to access similar data from the CRAs, due to the principles of reciprocity.

The following data is required in a data submission from lenders, where applicable:

- Personal details for identity purposes (account number, name, date of birth, address and so on)
- The type of product (for example, loan, credit card or mortgage)
- The date the credit agreement commenced
- The term of the credit agreement (if appropriate)
- The credit line (if appropriate)
- The outstanding balance
- The current arrears status (up to date, 30/60/90 days past due and so on)

- The close date (if applicable)

A range of indicators to highlight certain situations or special cases. For example, where the account closed with a good repayment record, where there is some dispute with the customer, or where the customer has entered a payment arrangement with the lender.

When a credit agreement is terminated and the lender stops supplying account details, information about the account is maintained by the credit reference agency for up to six years. Therefore, when a credit search is performed, the status of settled or historic credit agreements can be reported.

What is important to emphasize is the very limited nature of the information provided to the credit reference agencies. Detailed transactional information about how customers use a product, what was bought, where and for how much is not provided. Product features, such as the interest rate being charged, the length of any interest-free period and any annual charge or loyalty schemes are also withheld, as is security information such as pin numbers and card expiry dates.

2.6 Data requests

When a lender wants to do a bureau search on an individual, they must provide the CRA with the relevant information to allow them to match the customer to their database. The following details are required from the lender, as a minimum:

- Unique ID – This makes it easier for lenders to match back to their data. Banks for instance, usually provide account number and sort code as a unique reference but it can be something as simple as 1,2,3 etc.
- Title
- First Name
- Middle Name (if available)
- Last Name
- Address – The current address and up to 2 previous addresses can be provided
- Date of Birth

The CRA will then aim to match the individual to the data they hold using 'fuzzy logic' and address links. Please see Section 5.1 on matching for further information.

CRAs can provide lenders with data through an API[1] or a batch solution. APIs are beneficial as provide real-time, direct access to the data held by the CRA for any individual. This is usually most beneficial at

[1] Application Programming Interface (API)

application stage so the lender can get the data in real-time to make a quick decision. Alternatively, a batch solution requires the lender to submit a cohort of individuals that are then matched to the bureau data and sent back via a secure gateway to the lender. This type of process is slower, and it usually done as part of customer management, for instance, to assess if the customers circumstances have changed or if they are eligible for a credit limit increase.

It is worth noting that although data submissions are free, there is a cost associated to receiving information from a CRA. So, unlike a large bank which may receive data from multiple CRAs, it is more common for smaller lenders such as credit unions to use a single CRA.

3 Data credit reference agencies hold

CRAs collate data that is privately submitted from lenders and other organisations, with publicly available data to derive a database of non-summarised information that is typically referred to as 'raw data', that gets updated monthly.

Private data includes the individual's application details (examples being name, address, and DOB), credit history and financial behaviour. For instance, loan and credit card payment information.

Publicly available data, as the name suggests, is information that is accessible to the public. For instance, derogatory data such as CCJ information can be accessed via the public Register of Judgements, Orders and Fines which is available online to anyone who has a computer.

The Data Protection Act prevents lenders and organisations from holding this data longer than they need it. This applies to CRAs and means credit history information can be held for no longer than 6 years after the account has been closed or settled. Address information can be kept for longer if it is deemed necessary.

This information is available to individuals and lenders through the individual's credit report.

The following sections discuss the types of raw data that the CRAs hold.

3.1 Credit performance data

One of the most important blocks of data the CRAs holds is the credit performance data. This includes the historic performance data of the individual, typically over the last 6 years.

Credit performance data is private information submitted by lenders on the performance of their customers' accounts. Credit performance data includes arrears status, payment status, loan type, current balance, and current limits.

3.2 Derogatory data

In 2010 the government launched the data.gov.uk website which allows users to find and use open government data, published from several government agency sources, such as the Office of National Statistics.

This data is available on public registers, and anyone can access it online. It contains the name and address of the individual concerned along with relevant information such as the number, value, and date of the event. Although the register can be accessed by all, the CRAs benefit from having 'fuzzy' matching algorithms to match these data sources to the relevant individuals, quickly and easily.

Public data included in the CRA database includes information such as County Court Judgements (CCJs), High Court Judgements (HCJs), or formal insolvency solutions such as Bankruptcy, Debt Relief Orders (DRO)[2] and Individual Voluntary Arrangements (IVAs)[3]

3.3 Geodemographic data

Geodemographic data is gathered through several publicly available data sources such as government censuses and surveys. It contains information about the characteristics of individuals aggregated to areas such as postcode level or region. It contains demographic information such as age and income as well as behavioural information such as spending preferences.

It does not give a targeted view of the specific customer but can still provide useful insight by dividing consumers into groups of individuals that are similar. For instance, the geodemographic information associated to a certain age, income band and postcode area can be matched to customers who fall into the same age, income, and postcode bands.

3.4 Electoral register

The electoral register is otherwise known as the electoral roll. If you are 16 or over it is compulsory to sign up to the electoral register, even if you do not plan to vote.

There are 2 versions of the electoral register: The 'open electoral register' and the 'full electoral register'.

The open electoral roll does not contain everyone's name and address as it is possible for individuals to opt out of this register if they wish. The open electoral roll is publicly available information, and anyone can purchase a copy.

The full electoral register contains everyone's names and addresses, and it is not possible to opt-out. It is not available to buy for general sale but CRAs do have access to this data and is the register that most lenders, such as credit unions, can use to check credit applications.

Organisations such as insurance companies, will only be able to access the open electoral roll if they do

[2] You don't have to make payments towards most types of debt included in your DRO and your creditors can't force you to pay off the debts. A DRO usually lasts a year unless your situation improves. When the DRO ends, most of your debts will be written off.

[3] An individual voluntary arrangement (IVA) is a formal agreement allowing you to make affordable payments to your debts, usually over five or six years. At the end of your IVA any unsecured debt left is written off. You can also make a one-off payment known as a lump-sum IVA.

not provide lending or credit, as it is only available for full members. Other uses include jury summoning, preventing, and detecting crime and electoral roll and campaigning purposes.

When an individual registers on the electoral roll the details are recorded on their credit report. Having up-to-date details recorded on the electoral register increases the individuals' chances of being matched to the bureau which can have a positive impact on their credit score.

The electoral roll makes it easier for CRAs to link multiple addresses to the same individual. For instance, a student may be registered at 2 addresses through the electoral roll; at a current address, and a home address where their parents live. The CRA will link these addresses to ensure all information is obtained from both addresses. Please refer to Section 5.1.1 for more information on Address Links.

Electoral roll data includes information such as name, address, age, number of people at the address, gender or those at the address and move-in date.

3.5 Search data

Each time an individual applies for credit, a search by the lender is carried out.

A **soft search** occurs in instances where an individual searches their own credit report or a lender preapproves credit. Only basic information such as the name, address and previous credit agreements are provided back. This does not leave a 'footprint' so has no impact on the individuals credit report or score.

A **hard search** occurs when a lender runs a credit check on an individual and they are provided with a detailed report of the credit history of the customer. This is marked on the individuals credit report as a visible 'footprint' with details of when it occurred and what type of lender made the search. TransUnion retain these 'footprints' for two years, Experian and Equifax retain them for one year.

If an individual has a lot of footprints on their credit report, it may be read as a sign of financial distress and can impact an individual's credit score. Therefore, it is important for lenders to carry out adequate checks prior to a search at the CRA to be reasonably comfortable that the application will be approved, to avoid unnecessary footprints.

Example search data items includes total number of searches for a debt collection agency and credit application or short-term loan searches over 3/6/12 months.

3.6 Rental data

CRAS have access to rental data, submitted from social housing providers and private landlords. This can provide lenders with insight into how much rent the individual is paying, when their tenancy started and the outstanding balances. This can be particularly useful for the affordability assessments to factor into the expenditure part of the calculation. Please refer to Section 7.1 and RM5 for more information on affordability reporting.

3.7 Utility data

Data is provided by utility companies on information such as missed payments, payments in arrears, the current balance and total credit on their utility bills.

4 Third party data

CRAs partner with third party data providers and incorporate this information into the data, products, and services that they provide to lenders and organisations. These are discussed in more detail in the following sections.

4.1 PEPs and sanctions indicators

A Politically Exposed Person (PEP) is someone who has been appointed to carry out a public function and who hold a high-profile position for instance, the Prime Minister. It is not illegal to lend to a PEP, but it is important that lenders carry out sufficient due diligence to ensure that in providing a loan they are not supporting illegal activities such as money laundering and sponsoring terrorism.

A sanctioned individual is someone who has targeted restrictions applied to them under international or domestic sanction rules. For instance, a suspected terrorist. A lender should not advance funds to sanctioned individuals and any application for credit should be declined.

Organisations need to recognise PEPs and sanctioned individuals at application and CRAs use third party data to identify individuals who are on the PEP and sanctions list.

Please refer to RM6 Customer Verification and Fraud Prevention good practice guide, for more information on PEPs and sanctions.

4.2 Credit Industry Fraud Avoidance System

The Credit Industry Fraud Avoidance System[4] (CIFAS) is a not-for-profit fraud prevention membership organisation established in 1988. It works with organisations to collate information on individuals who have behaviours typical of fraudulent conduct or individuals who have been victims of fraud. It is important to note that the majority of CIFAS information relates to cases of suspected fraud that were declined before any fraudulent act was committed, not where proven cases of fraud have occurred. Given this, lenders are obliged not to use CIFAS information as the sole reason to decline an application. Rather, a CIFAS indicator returned as part of a credit search should lead to the application being referred for further investigation.

[4] https://www.cifas.org.uk/

4.3 Gone Away Information Network (GAIN)

The Gone Away Information Network (GAIN), which is managed by CIFAS, records cases where people in arrears have moved address without informing the lender. If at some point in the future the individual's new address comes to light then GAIN will flag up the case and alert the lender with whom the original default occurred, allowing them to pursue the individual for the debt. GAIN works by detecting when the absent borrower inadvertently makes their new address known and relies upon member organizations providing details of their customers' addresses and changes of address. Consider the case of an individual who has a credit card from one lender and a personal loan from another. When the individual moves address, they stop repaying the loan and fall into arrears. When the loan company makes attempts to recover the debt, they discover the individual is no longer resident at their original address and inform GAIN of their 'gone away' customer. Then, if the individual has maintained their relationship with the credit card company, the credit card company will pass on the change of address details to GAIN, who in turn inform the loan company.

5 Derived credit reference agency data

Collating private and publicly available information across many lenders and data sources results in millions and millions of records worth of raw data. CRAs must match all the relevant accounts across 1 or more addresses, financial associates, and aliases, assigning the data to the correct individual using matching algorithms and address links. Once all the relevant accounts are matched to the correct individual, CRAs can derive their own customer level scores and data fields, summarised to customer level.

These items are discussed in the following sections.

5.1 Matching

When a CRA receives the name, address, and DOB of an individual, they will attempt to match this information to their database and this level of match will be returned as part of the data.

If there is missing information, then a match will still be attempted but this may affect the confidence level of the match. For instance, if the DOB is missing but the individual can be found at the address provided then this will be an individual match so long as there are no others with the same name living at that address. As an example, if the applicants name is Martin Webber and a Martin Webber and Martin Webber Junior are found at the address, without the date of birth it is unknown which is the correct Martin Webber, therefore, a surname match would be returned.

The data that can be provided back is dependent on the level of match as discussed in the table below.

Match Level	Data
Individual	The individual can be verified at the address provided. This may be that the first and second name can be found living at the address or the surname and date of birth can be used to verify the individual.

	All associated information can be provided back.
Surname	The surname of the individual can be found at the address provided but there is no way to identify and/or verify the individual. For instance, the surname can be found at the address provided but no date of birth has been provided and there are multiple people with the same surname living at the address. Only geodemographic data can be provided back.
Household	The address can be verified as existing, but neither the individual nor the surname provided can be found and verified as living at this address. Only geodemographic data can be provided
No Match	Neither the individual nor the address can be found and matched. Missing values will be provided back for all data attributes, for example, -999999 or ND may be provided back.

It is important to note that even if the CRA can make a match, such as an individual match, the CRA may not hold all pieces of information on that individual. For instance, an individual has been found on the ER at the address stated and an individual match has been made. The relevant ER information can be provided back along with credit score and a large proportion of other data items however, there is no evidence of any information relating to their search history. In this case, despite an individual match being made, missing values will be provided back for the search fields, for instance, a -99999 or ND value.

5.1.1 Address links

CRAs match an individual to their database using their name, address, and date of birth. Therefore, if a person moves home, all credit data at the old address will not be reported as part of a credit search undertaken at the new address. This situation is partly rectified by the individual informing the existing lenders of their new address, which the lenders will then report to the CRAs. However, given that institutions only provide account information monthly, it could be several weeks before a CRA records the address change. In addition, this relies on the individual providing this information, which might be less forthcoming in certain situations, for instance if they have accounts in default and county court judgements registered at the old address. Therefore, a credit search performed shortly after a change of address (which is common after a house move when people seek to fund the purchase of new fixtures and

fittings) may still not result in a full credit report being produced. Common practice is to request that the applicant provides details of their previous address(es) if they have moved within the last 3 years (3 years is a rather arbitrary, but widely used period) and for credit searches to be performed across all these addresses, collating the information into a single credit report.

If an individual fails to declare a previous address on the application form but has recorded an address change with at least one lender with whom they have an existing relationship, or have had their electoral roll record updated, the credit reference agency is able to create an address link. An address link is a record of an address change and the old and new addresses. Once this link has been established it is then possible to retrieve all credit data relating to both addresses, even if the applicant does not disclose their old address as part of a new credit application.

CRAs will hold an address links database which contains a list of all the addresses associated to each individual.

An example of this process is contained in Appendix Item 1.

5.1.2 Alias link

There are cases where an individual will change their name and the CRA can make a link between these names. The most common example being individuals who get married and change their surname to their partners surname.

5.1.3 Financial associate links

People who appear financially associated with each other will be linked. For instance, if you open a mortgage with someone else you are then linked financially. It is important to get this link removed if you are no longer financially associated to the individual as it can affect your credit report, this is called dissociation. Please refer to Section 6.1 for further information on dissociation.

5.2 Raw data fields

CRAs produce their own fields, derived from the raw data. This helps make the data more comprehensive for the lender. For instance, surnames, gender, and age can be used by CRAs to determine household composition fields such as number of females, >35, living at the property.

5.3 Bureau Summary Data

Bureau Summary Data is a term used to describe a summarised version of the raw data to provide a single view of each individual.

To summarise the raw data items, the CRAs must first match all the relevant data to the correct individuals. To do this, CRAs use matching algorithms and links including address, associate, and alias links, as discussed in Section 5.1. From there the CRAs can derive bespoke fields aggregated to customer level. In addition to this, they can also group different customers information together to provide back

information at a higher level, such as postcode or region level.

This type of summarised data can be more useful to lenders as gives them an overall picture of the customer without having to dig into all the associated accounts.

Examples of derived summary data fields include the following:

- The missed payment field can be aggregated to provide the total number of missed payments across all accounts over the last 3,6,9,12 months.
- The balance and limit fields can be used to calculate the utilisation rate over the last 3, 6, 9 and 12 months.
- The payment status for loan accounts only, can be used to derive the worst payment status across all loans over the last 12 months.

5.4 Flags

As well as deriving fields, the CRA can also derive flags from data they hold, or data they take from third-party data. For instance, the PEPs and Sanctions data can be used to assign flags to an individual's records, to state if they trigger a PEP or Sanction warning. Additionally, the CRA can return a flag to state whether they have been found on the CIFAS database and this can be used as a type of Fraud Flag.

5.5 Credit score

Each CRA has their own generic individual credit score that comes from a credit risk scorecard.

A credit risk scorecard can use both raw and derived data to get a view of the customers credit risk profile.

All 3 CRAs have a generic credit risk score, however, their score ranges differ:

- Equifax Risk Navigator: 0-1000
- Experian Delphi Score: 0-999
- TransUnion VantageScore: 0-710

CRAs continue to derive other scores that may add value to lenders in addition to these generic scores. For instance, sector-specific scores, or scores with different outcomes such as the probability of bankruptcy or the probability of recovering from bad debt.

An account management score is there to help lenders manage their existing individuals.

An account origination score is there to help lenders manage new-to-book individuals.

In addition to the generic CRA scores, a lender may wish to use the data from the CRA to build their own bespoke internal scorecard, which will be more targeted to their customer base.

Please refer to RM04 for more information about scorecards and credit scoring.

6 Information amendments

Under the General Data Protection Regulation (GDPR) all individuals have the right to the right to review the data a CRA holds on them, and they can do this by signing up to receive their Credit Report, from any of the 3 CRAs.

Some individuals may wish to request a copy of their credit reference file directly from 1 or more of the CRAs. This request can be made verbally or in writing. If requested verbally it is recommended to follow up with a written request for tracking purposes.

6.1 Notice of dissociation

A financial association occurs when an individual makes a joint application for credit with someone else. It can be something long term such as a mortgage application with a partner, or something short term such as applying for short term lending to cover a new washing machine with a house mate. Whatever type of lending it is, a financial association has been made and if one associate fails to make their payments it will be recorded on both individuals credit reports.

A financial association can affect an individual's ability to get credit on a sole application. For instance, if an individual is applying for a loan and currently has an associate on a joint mortgage that is failing to make their payments then the lender may consider the sole applicant a higher risk, as they may need to cover the payments the associate is failing to make.

An individual can see their financial associates on their credit report. If there are no longer any ties between the individual and their associate, ie the account has been closed, it is important for the individual to break the link to this associate. To do this the individual should ask the CRA to be dissociated to ensure that their credit report isn't negatively affected by the associated individual. This is referred to as a Notice of Dissociation.

6.2 Incorrect information

If an individual notices something is incorrect on their credit report, then they should get in touch with the CRA straight away. The CRA will then contact the lender who supplied to data to validate whether it is an error on the lenders side. If the lender needs to investigate this, then a notice of correction can be applied to the credit report to explain this is under review. If the lender agrees it is an error on their part with the data submission, then the CRA will fix this on the credit report, alternatively, if the lender stands by the data submission it is the responsibility of the individual to contact the lender directly.

It is important to contact all the CRAs if it is found there has been an error on the submission to make sure

the fix is applied to all the credit reports, as some lenders may just use 1 CRA to carry out their checks.

6.3 Notice of correction

If an individual notices that something is misleading on their credit report, they may want to provide an explanation and they can do this via a Notice of Correction.

A Notice of Correction is a short statement that can be used to add further information to an entry on a credit report. For instance, if there are several missed payments associated to an account, the notice might explain this was due to temporary unemployment which caused the individual to fall behind on their payments or there may be entries that are due to fraudulent activity and the individual wants to highlight this on their data. This provides more insight to the lender who receives this credit report as part of a creditworthiness assessment.

6.4 Payment holidays

A payment holiday is a break in making payments on an agreement for the duration of the holiday. These are typically given to customers who are struggling to make their payments due to a temporary issue such as a job loss. The downside is the interest continues to accrue over the payment holiday so the customer can have higher repayments when the holiday ends. In addition, payment holidays are typically reported by lenders as a forbearance measure which gets reported on the individuals credit report and can affect the individuals credit rating and ability to borrow.

During the Covid 19 pandemic, payment holidays were offered to all individuals with a mortgage, credit card or loan agreement, regardless of their financial situation. Interest continued to accrue over the holiday, however, unlike normal payment holidays, these payment holidays were not allowed to be reported on the credit report or affect the individuals credit rating.

Millions of people took a payment holiday during Covid 19. It was the lenders responsibility to ensure monthly payments the individual did not make were not reported to the credit reference agencies as missed payments and were not deemed a forbearance measure. Other account information such as current balance had to be reported in the same way. It was the CRAs responsibility to ensure that the payment holiday did not get reported in the customers credit report and that their score was unaffected.

It should be noted that the score could still change due to other factors such as increased utilisation of credit cards, or increased level of debts on accounts outside of the payment holiday.

7 Products and services

CRAs don't just offer data, they offer value add services and products.

The following sections describe at a high level the types of products and services that CRAs can offer.

7.1 Affordability

An organisation must carry out affordability checks on its customer to ensure that they are lending responsibly and treating customer fairly. Please refer to RM5 of the Good Practice Guide for further information on Affordability.

CRAs have their own affordability products which provide information to the lender on areas such as the individuals over indebtedness, income verification and affordability indicators, as discussed in the following sections.

7.1.1 Over Indebtedness

Over Indebtedness (OI) scores and indexes provide insight into the customers total debt to income ratios. Over indebted individuals have lower affordability and are usually associated to higher default risk, which is all valuable information when assessing the credit worthiness of an individual.

7.1.2 Income verification

CRAs look across all the data they have access to and determine from this the best view of income they hold for each individual, with an associated level of confidence. This confidence level is determined by the source of the income. For instance, an income from a stable current account turnover or recent validated salary, will have a higher confidence associated to it than an older application salary.

When verifying the income provided, the CRA will compare the stated income to their best view of income and provide a Red, Amber, or Green setting to confirm whether the income can be verified or not. It is important to note that the actual income value will not be provided back in most cases[5].

Lenders may wish to only consider verified incomes where the income confidence level is high. Where

[5] Incomes can be provided back to lenders who supply current account turnover data to the CRAs, and the income provided is within 90-110% of the stated income. This is unlikely to be a consideration for credit unions.

there is low confidence in the verification, a lender may wish to request other forms of income verification such as payslips or bank statements, if the CRA cannot provide a confident income verification.

7.1.3 Affordability indicators

Affordability indicators look at the expenditure amounts, compared to the income held to determine the affordability of the customer.

These indicators take the form of a RAG setting which is based on the income to expenditure ratio.

7.2 Fraud

Financial uncertainty increases the prevalence of fraud. UK Finance reported that in the first half of 2022, £609.8 million was stolen through fraud and scams. This is why it is as important as ever to identify fraudulent activity and CRAs have products and services that help detect and identify fraud. These types of products and services can be especially helpful for smaller lenders such as credit unions, who, unlike big banks, may not have the advanced security systems for detecting more frequent sophisticated fraudsters.

CRAs offer a wide range of fraud prevention services which includes fraud assessments at application, customer management and device frauds.

7.3 Identify verification

CRAs rely on a combination of methods and sources to verify an individual's identity to ensure the individual is who they say they are, and the lender does not approve fraudulent credit applications.

A lender with access to CRA data can submit the individual's application data which is then matched to the bureaus database. Each CRA has sophisticated products that can look to verify the individual's identity using credit, non-credit, device and document data. For instance, TruValidate (Transunion), CrossCore (Experian) and ID Plus (Equifax).

7.4 Analytics

CRAs can offer benchmarking and bespoke analytics to lenders, to help them get the most out of their data. These are discussed briefly in the following sections:

7.4.1 Benchmarking

CRAs are well placed to offer lenders and organisations anonymised benchmarking so they can understand how they compare to their peers. For instance, a lender may want to understand how their default rates compared to other similar lenders. CRAs can produce a benchmarking sample comprised of multiple other lenders, where one lender cannot exceed more than 25% of the total population to ensure anonymity. The default rates of the lender can then be compared to this sample.

7.4.2 Bespoke analysis

CRAs can also add value by utilising the data they hold and the lenders internal data to provide bespoke analytical solutions. A few examples are noted as follows:

- Reject Inferencing: To understand the performance of the rejected or declined customers
- Scorecard builds: Utilising internal data and the CRA data to build scorecards
- Customer profiling: To give lenders and organisations sight of the application and on book customers

8 Appendix item 1

Address Links Example: An example is? shown below, with the details and field names for illustrative purposes only.

The CRA hold the following information:

- 1 Banks data submission
- 2 records extracted from publicly available information

Bank A Submission:

Unique ID	Title	Forename	Surname	DOB	Address Line 1	Address Line 2	Address Line 3	Postcode	Account Type	Account Number	Sort Code	Start Date	Status
888XXX26	Miss	Laura	Smith	20/08/1970	20	Water Lane	Leeds	LSXX XAD	Credit Card	888XXX26	20-80-XX	01/08/2021	OPEN

Country Court Judgements Database:

Title	Forename	Surname	DOB	Address Line 1	Address Line 2	Address Line 3	Postcode	Value of CCJ	Court Date	Outcome
Ms	Laura	Smith	20/08/1970	25	Stain Lane	Manchester	M1X XYD	£5,000	01/01/2020	Upheld

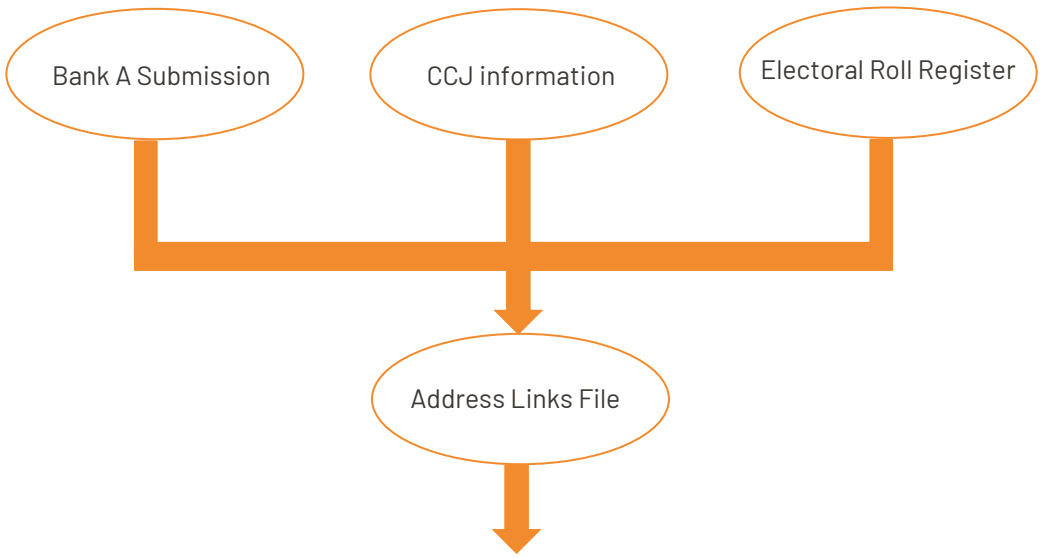
Electoral Roll Register:

Title	Forename	Surname	DOB	Date Moved In	Date Moved Out	Address Line 1	Address Line 2	Address Line 3	Postcode
Ms	Laura	Smith	20/08/1970	01/01/2021		20	Water Lane	Leeds	LSXX XAD
Miss	Laura	Smith	20/08/1970	01/08/2020	01/01/2021	25	Stain Lane	Manchester	M1X XYD

From the above information, the CRA can:

- Link Ms Laura Smith to Miss Laura Smith
- Link both addresses to Laura Smith

In doing so, the CRA can create an address links database with the relevant addresses associated to Laura Smith.



Title	Forename	Surname	DOB	Address Line 1	Address Line 2	Address Line 3	Postcode	Data From	Date To
Miss	Laura	Smith	20/08/1970	20	Water Lane	Leeds	LSXX XAD	01/01/2021	
Miss	Laura	Smith	20/08/1970	25	Stain Lane	Manchester	M1X XYD	01/08/2020	01/01/2021

When a lender supplies an input file with Laura Smith at Water Lane, Leeds, LSXX XAD, the CRA can link the information from this address and the CCJ information from Stain Lane despite this being associated to a different address.