

The Rental Exchange - A Guide for Tenants

A credit rating boost for tenants

What is happening?

Your housing provider is working with Big Issue Invest (part of the well-known Big Issue Group) and the credit reference agency Experian to help improve your credit rating. Each month, details of the rent you pay will now be added to your Experian credit report.

Why is this important?

Social housing tenants can often struggle to access affordable credit, such as a loan or credit card, because they don't have much credit history. You may have experienced this yourself. An independent survey shows that many tenants regularly face similar challenges.

“You're in a vicious circle, aren't you? Paying all these high interest rates, you're never going to get yourself straight until you get a reasonable loan.”

“I was on good money – and I asked my bank for a £1000 loan and they turned me down flat. The bank just told me that I didn't have a credit rating.”

“I was gutted. I wanted a [store] card so I could buy a fridge-freezer. And they ...knocked me back because I failed this credit check... But how could I have bad credit? I've never had any. It was humiliating actually.”

Having a strong and positive credit history helps demonstrate to lenders that you can be trusted to repay what you borrow, so it can help you get new credit when you want it.

If you have a positive credit history it can also help you get the cheapest deals, such as a low interest rate on a loan or a better deal on electricity or gas, which are often reserved for people with good credit ratings. Most tenants pay their rent on time so this development will see new positive information added to their Experian credit report.

A credit history can also make it easier for you to access other goods and services, such as insurance. This is because a wide range of organisations now use this information to simply and quickly check your identity, avoiding the need to provide paper-based proof of your name and address.

What are credit reports and credit ratings?

Your credit report is a factual history of any credit you've used in the past six years and how you repaid it. It also includes any credit you have at the moment. Examples of credit include credit cards, loans, bank overdrafts, mobile phone contracts and catalogues. Your report can also include gas, electricity and water accounts.

Lenders use your credit report to help calculate your credit rating, a simple score that suggests how likely it is that you'll repay any credit you get. This score is usually affected by other information too. This includes the information you provide on your credit application form and any information the lender has about you already – for example, if you've been a customer before.

Your housing provider and Big Issue Invest are working with Experian, which is the credit reference agency consulted by most lenders in the UK.

How will this work?

Experian has created a new secure service, called the Experian Rental Exchange, to enable housing associations and other landlords to register and share details about the rent you regularly pay. When you make a new application, whether for a tenancy, credit or something else, the organisation will tell you before it accesses this information to help it decide.

The Experian Rental Exchange has been developed with advice from regulators and consumer groups and fully complies with all relevant laws, including the Data Protection Act. You can be confident that your information will be kept secure and confidential.



In summary, not only will your housing provider be able to work with you more closely to manage your existing tenancy agreement, your track record as a tenant will enable Experian to use the information supplied to them in the future to assist other landlords and organisations to:

- ✓ assess and manage any new tenancy agreements you may enter into;
- ✓ assess your financial standing to provide you with suitable products and services;
- ✓ manage any accounts that you may already hold, for example reviewing suitable products or adjusting your current product in light of your current circumstances;
- ✓ contact you in relation to any accounts you may have and recovering debts that you may owe;
- ✓ verify your identity and address to help them make decisions about services they offer; and
- ✓ help prevent crime, fraud and money laundering.

A positive response from tenants

The majority of tenants that took part in the independent survey said they welcomed this development.

“That would help you get a loan at the bank if you are able to prove that you do pay your rent monthly and that could boost your credibility. More like other people. I like that.”

“I think that would be good. Good for my future. It definitely makes sense. It gives you the building blocks to get on the ladder if you want to (borrow) money.”

Your housing provider will be able help answer any remaining questions you have. There are also some links for more information below, including how to order your Experian credit report.

More information

Experian Rental Exchange

www.experian.co.uk/rental-exchange

Experian credit report

You can order a one-off Experian credit report for £2 from its website or you can apply by post with a £2 cheque or postal order and your full name, date of birth and addresses over the past six years.

www.experian.co.uk/consumer/statutory-report.html

Experian Customer Support Centre, PO Box 8000, Nottingham, NG80 7WF

Advice about credit reports and credit ratings

www.experian.co.uk/consumer/credit-reports-explained.html

Free advice about debt

Citizens Advice

www.adviceguide.org.uk or look in the phone book under 'Citizens Advice'

StepChange Debt Charity

www.stepchange.org.uk 0800 138 1111

National Debtline

www.nationaldebtline.co.uk 0808 808 4000

People seeking help about debt from a free advice agency such as the ones listed above will be able to get a free Experian credit report.