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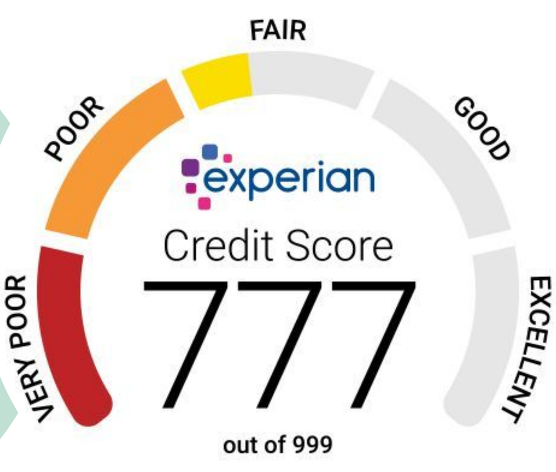
10 Tips to improve your credit score

1. Check your credit report annually or before any major application

Your credit reference reports, which you will find at Equifax, Experian, and TransUnion, contain your personal financial data. Errors happen and can seriously affect a mortgage application, so it is important to check them regularly and to go through this in careful detail to check nothing's wrong. This is a complicated document so any questions ask your broker- or even better bring it to your appointment with you to go through together.



2. Register to Vote

If you are not registered on the electoral roll, it is much harder to get accepted for credit, so we would recommend registering as soon as possible.
You can choose to opt out of the open electoral register which can be used for marketing.
Credit reference agencies use the full register which you should, by law, be on. The electoral roll can be a factor in scoring, but even where it is not, not being on it can lead to delays as lenders also use it to check your address and ID.
You can register online at www.gov.uk/register-to-vote

3. Never miss or be late on any credit repayments – it can have a disproportionate impact

Even if you're struggling, try not to default or miss payments as they can have a disproportionate impact. Doing this once or twice could cause problems that can cost you for years. Defaults in the previous 12 months will affect an application the most.

The easy solution is to pay everything by direct debit, then you are unlikely to miss or be late.
Contacting your lender to change your repayment schedule is preferable to you 'defaulting'.

4. Do not let associated financial connections score impact yours!

If you are financially linked to someone on any product, that means their files can be accessed and looked at as part of assessing whether to accept you.
Therefore, if your partner/flatmate has a poor history, keep your finances rigidly separate, and it should maintain access to good credit for you.
There are currently only four products that can infer financial linking – a joint mortgage, a joint loan, a joint bank account and in certain circumstances, your utility bills. Being jointly named on a bill with a flatmate should not mean you are financially linked.

5. Minimise credit applications whilst preparing to apply for a mortgage

The only way to know if you will get accepted for a product is to apply. Yet that leaves a footprint on your credit file, and too many of those, especially in a short space of time, can affect future applications.
Every time you apply for a credit product (be it a credit card, contract mobile phone, car insurance paid monthly or more), it adds a footprint to your file for a year.
Too many, especially in a short space of time, can trigger rejections as it makes it look like you are desperate for credit. Therefore, space out applications if you can and do not do them frivolously.

6. Use a credit (re)build card to build a history & restore past issues

Credit scoring is all about trying to predict your future behavior based on your history. Those with a poor history score poorly, so do those with little credit history. You need to build a decent recent history to show that you can be responsible with credit and use it well. The catch-22 is that as you have poor or little to no credit history, getting credit is difficult.
One possible solution is to apply for a credit rebuild card. This is a card with a high interest rate, which accepts people with a poor credit history. Yet provided you repay the card IN FULL each month, preferably by direct debit, and never withdraw cash, you will not be charged interest.
Then could then just spend a small sum each month on the card, and repay this each month in full, providing you have no other credit issues during this time, after a year, it should make quite a difference.

7. Do not withdraw cash on credit cards

This is expensive to do, as interest is higher, and you are charged for it, even if you repay in full each month. Crucially, many lenders see it as evidence of poor money management.

8. Payday loans can affect mortgage applications

You should avoid payday loans like the plague. Not just because they are extremely expensive but because some mortgage underwriters (the ones who decide if you will get a mortgage) have openly said they simply reject anyone who has had a payday loan, as it's an example of poor money management.
Many people were mis-sold payday loans they could not afford to repay. If that happened to you, you could potentially reclaim £100s or even £1,000s – and request that any payment records on loans deemed to be 'unaffordable' are removed from your credit file. See the Martin Lewis Reclaim Payday Loans for Free guide.

9. Reduce your debts with savings if you have them

The amount of outstanding debt you have is part of the information lenders have access to. If you have too much debt, then that hurts your file. After all, would you want to lend to someone who already had a lot of debts to pay elsewhere? So, minimising this is a clever strategy.

10. Unfair default or other error on your credit report?

If you discover an unfair default on your credit report, you need to dispute it as it will block most applications. Check if the same default is on the other two credit reference agencies' reports.
Unfair defaults can occur for several reasons. It could be a simple clerical error by the credit reference agency, in which case contact it to get it removed – they are usually helpful.
More likely, though, is the lender has put it there in error, or that you were in dispute with the company over whether you owed it the money or not.
Write to the company which put the default on your report to ask for it to be removed, telling it your reasons why the default is unfair. Keep this formal, polite and to the point. Tell them you will be taking it to the Financial Ombudsman if the default is not removed.

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