

Consumers need to know their credit rating

JOSEPH BOOYSEN

Consumer Reporter

MOST South African consumers are unaware of their credit profile, which could put them at risk when applying for home-loan finance.

A recent poll conducted by bond originator firm ooba showed that three quarters of respondents did not know their credit status.

An increase of credit-active consumers with impaired records was recorded by the Credit Bureau Monitor's second quarter report for 2011. Consumers with impaired credit records increased by 174 000 to 8.80 million, a 0.3 percent increase quarter-on-quarter.

The percentage of consumers with impaired credit records increased to 46.7 percent, comprising 18.5 percent who were three months or more in arrears, 13.9 percent had adverse listings and 14.3 percent had judgments and administration orders.

Kay Geldenhuys, property finance processing manager at ooba, said many consumers who had impaired credit records seemed to be unaware that they were on this list, or were there for a "minor" violation.

"However... an adverse listing on your name can hinder your ability to

secure a home loan," she said. "Make sure you keep a clean credit record by paying all of your accounts to date before you apply for finance."

She said that potential home owners should consider pre-qualification. "This ensures that the applicants' credit profile and affordability is checked upfront... Most retail stores and banks' default listings will remain on a consumer's credit profile for two years. If you do choose to close an account, settle the account balance and then contact the relevant credit provider to check that your name and record has been cleared. If you have a judgment on record, clear the account and then contact a litigation attorney to have the judgment rescinded."

To keep a healthy credit score:

- Activate a profile with the TransUnion ITC or Experian, as this will allow you to check your credit record 24/7. Visit the websites:(www.transunion.co.za/home.html; www.experian.co.za/)
- Obtain at least two credit reports of your profile annually.
- Ensure that you meet your monthly debt repayments on time. Even 24 hours late can be bad.
- Always pay the minimum instalment required.