

Fixing your Credit Report after Financial Abuse

Warning: This factsheet contains information relating to domestic violence that may be triggering. If you need support, contact 1800RESPECT on 1800 737 732.

A credit report is a statement that has information about your credit activity such as loan repayment history and the status of your credit accounts. Financial abuse can leave you with significant impacts on your credit report. Your credit report can affect future applications for mortgages and other loans, phone plans and utilities like gas and electricity.

Some landlords may ask for your permission to check your credit report, but cannot do so without your consent.

There are three credit reporting providers in Australia: illion, Experian and Equifax. You are entitled to a free copy of your report from each provider every three months, and you are also entitled to have any inaccurate information corrected.

If you have left a relationship where you experienced family violence, we recommend obtaining a copy of your credit report from each provider.

Credit report issues

Financial abuse can have negative impacts on your credit report, such as:

- Credit enquiries that you did not make;
- Loans in your name that you did not agree to obtain or did not benefit you;
- Missed repayment history/Defaults;
- Court judgments, Bankruptcy and Debt Agreements.

Credit Enquiries

Credit enquiries are records of when you make an application for a credit product eg a car loan, credit card, or a mortgage. Some websites which invite you to see what sort of loan or credit card you might be eligible for can lead to enquiries on your credit report.

The enquiry remains on your credit report for **five years** from when the enquiry is made, whether you take out the credit product or not. Your credit report will not show whether the interest rate was too high and you decided not to proceed, or if the lender did not agree to offer you the credit product.

Having many credit enquiries in a short period of time can be considered a risk factor for lenders, and can lead them to refuse credit or offer less favourable terms eg higher interest rates.

If you do not recognise a credit enquiry on your credit report, you should check your email inbox for any emails around that time from that lender. You can also search the internet for the name listed on the report, as it might be different to the name that you recognise. If nothing shows up and you did not make the enquiry, you may be able to have it removed from your credit report.

To do this, you should write to each credit report provider and explain that you have experienced financial abuse and did not make those credit enquiries. You should list the lender and the date, and ask that they remove the credit enquiries you did not make. If you need help with this, you can get free assistance from a financial counsellor or a community legal centre.

Inaccurate or coerced loans

Many people who have experienced financial abuse have found themselves with loans or credit cards in their name that they were not aware of, or did not get a benefit from. For example, they may have been pressured into taking out a car loan for a vehicle that their partner drives.

If you find a credit product on your credit report that you were not aware of, you should contact the lender and ask for documents that you are entitled to under the National Credit Law, including a copy of the application for the credit product.

If you do not recognise the application or did not sign the application form, you should get legal advice.

If you did sign for a loan or credit card, but did not get any benefit from the funds, then you may be able to have the enquiry removed from your credit report, depending on the circumstances in which the loan or credit card was applied for and approved. You should get legal advice about your options.

Missed Repayment History

A single missed repayment on a loan, if not remedied or negotiated with the lender, can stay on your credit report for the life of the loan.

This is because if you have missed a payment in, say, May, the payment that you make in June will be considered to be repaying the amount due in May, and you will still not have made the payment for June.

Unless you negotiate with the lender, until a double payment (and sometimes extra interest) is paid, your credit report will continue to show that you have missed a single repayment. Your arrangement should include what you will do to catch up on any missed or reduced repayments at the end of the hardship period, otherwise your credit report will keep showing late repayments.

Your credit report will always show your repayment history for the last **two years**.

By contrast, if you negotiate a hardship arrangement with your lender, the fact that you have had a hardship arrangement will only remain on your credit report for **one year** after the hardship arrangement is finalised. A hardship arrangement can involve reduced interest and fees, a change in payments, any arrears being recapitalised (added back) into the principal amount, a waiver of part of the debt, etc.

It is best to negotiate a hardship arrangement with your lender if you have missed a repayment on a loan.

Even if you have already missed a repayment, you may be able to negotiate for a hardship arrangement to be backdated if you have experienced financial abuse. If the lender will not agree to that, you should get legal advice.

Defaults

A lender can list a default on your credit report if:

- The payment has been overdue for at least 60 days;
- The overdue payment was at least \$150;
- There have been at least two notices sent to your last known address warning you of the risk of default, with 30 days between them;
- It has been between 15 days to 3 months since the second notice was sent;
- You were not in a financial hardship arrangement, or had a financial hardship arrangement pending, for at least 14 days before the default was listed.

A default remains on your credit report for **five years**.

If you have already had a default listed, you may be able to negotiate for the default to be removed if you have experienced financial abuse. If the lender will not agree to that, you should get legal advice.

Court Judgments, Bankruptcy and Debt Agreements

If a court judgment has been entered against you, then you will need to have the judgment set aside (either by consent with the lender, or through a court hearing) to have it removed from your credit report. Otherwise, the judgment will remain on your credit report for **five years** after it is made. This is different to the time a judgment can be enforced against you, which is **twelve years** from the date of the judgment.

You should seek legal advice before attempting to have a court judgment set aside, as there are a number of considerations to weigh up before contacting someone who has a court judgment against you.

Bankruptcy and Debt Agreements, once entered into, will not be removed from your credit report except as below. A bankruptcy can be listed as “annulled” if it was caused by, for example, identity theft. A Debt Agreement can be listed as “void” if a Court makes an order that the debt agreement was void.

However, in each of these cases, the record will remain on your credit report until the later of:

- **five years** from when you were made bankrupt or entered into the debt agreement, or
- **two years** from when the bankruptcy or debt agreement ended.

You may wish to get advice from a financial counsellor if you have a bankruptcy or debt agreement on your credit report and you are making a new credit application.

Individual Lenders

Individual lenders may keep records for longer than the records remaining on your credit report. This means that if a lender waives a debt you owe them, they may not offer you credit in the future, even if the arrangement occurred more than two years ago.

Similarly, if you defaulted more than five years ago, that lender may not offer you credit in the future.

If you have a historical default, particularly one which is out of time for enforcement (more than **12 years** old), even if it is not on your credit report, you may want to explain to the lender that you were experiencing financial abuse at the time of the default. However, the lender is not obliged to consider that information and approve your application for new credit.

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This factsheet is not a substitute for legal advice. If you have a problem, please contact Redfern Legal Centre at www.rlc.org.au/contact or phone 02 9698 7277.