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a. INTRODUCTION - A GUIDE TO YOUR CREDIT FILE

The IVA.CO,UK 'Guide to your credit file' is the first step in understanding and repairing your credit file.

The guide establishes the importance your credit file has on a credit application process. If you have a CCJ, Bankruptcy, CIFAS or a large number of credit searches on your credit file it can prevent you from applying for new credit.

The "Guide to your credit file" introduces unknown methods of removing problem entries and will help repair defaults on your credit file.

If you are recovering from bad credit the "Guide to your credit file" will inform you of options to help rebuild your financial situation.

Read about ways to obtain a bank account, overdraft and cash card when you have been turned away from all the banks and thought there were no other available options.

IVA.CO.UK 'Guide to you credit file' will lend you a hand in recovering from bad credit and after reading the contents you should be confident in dealing with creditors and skilled enough to take matters in your own hands and start to repair your credit file. The advice in IVA.CO.UK "Guide to your credit file" will help you rebuild your financial situation and regain stability in your wallet.



1. PROTECT AND REPAIR YOUR CREDIT FILE

The following advice is designed to help you understand and improve your credit rating in the fastest possible time.

1: Understand Your Credit File

You should find out what credit information is currently recorded about you. Each person who has ever taken credit has a credit history file compiled by the two main credit reference agencies in the UK (Equifax & Experian). For more details about how to get hold of a copy of your file and how to understand it, please refer to section 2.2 of this guide.

2: Amend Mistakes and Errors

Many people are refused credit because of simple mistakes. Check your file to ensure that payment information has not been incorrectly recorded. If so, contact the lender who assigned

3: Increase the Number of Positive entries on your File

You can improve your credit history by increasing the number of positive credit activities which you carry out. All positive activities are recorded within your file (not just negative ones). You can achieve positive entries in your credit file in the following ways:

- Instead of just one credit card with a large limit, use multiple cards with smaller limits. Use them all frequently and repay the balances in full at the end of each month.
- Shuffle funds around amongst your different credit and deposit accounts to show regular account activity.

4: Remove Problems which were Resolved over 6 Years Ago

Records of financial problems such as Default Notices, CCJs (County Court Judgements), IVA and Bankruptcy will have to remain on your credit file for 6 years. As such, if there are still references to items which were satisfied over 6 years ago, instruct the credit reference agency to remove these.

5: Add a Note of Satisfaction To Your File

As soon as you repay or satisfy a CCJ, IVA or Bankruptcy ensure that you forward a copy of the certificate of satisfaction to Equifax and Experian yourself. This will ensure that it is registered against your file thus informing all future lenders that your problem is indeed



resolved and you ARE eligible to apply for credit.

6: Register on the Electoral Roll

Registering on the electoral roll will improve your credit score drastically as it helps to prove that you have a permanent place of residence. If you have registered to vote and your credit file does not show this, contact the credit reference agency and they will investigate the matter.

7: Do Not Ignore CCJ Notifications

If you receive notification of a CCJ from your Creditor's solicitor, do not ignore it. Before a CCJ is obtained against you, you will always receive 14 days in which to pay it off in full. To avoid the CCJ being approved, you must pay off your debt in full within 14 days – do not delay. If you delay and pay your CCJ in full after it has been issued, the record of the CCJ will then remain on your credit file for the following 6 years giving you all kinds of credit headaches.

If there is no way for you to pay off your debt in full, try to negotiate a reduced payment plan with your creditor. If you do this successfully BEFORE the CCJ is approved, then you may be able to convince the Creditor to stop the action.

8: Ensure Each CCJ has been Legally Issued

If you never received a CC Summons, the CCJ might be illegal, you have a right to have it removed if you can prove that it wasn't issued correctly. To do this you will need to complete a 'Notice of Application' form and return it to the Court which issued the CCJ. You will then be given the opportunity to argue your case at a Court hearing. This could take 6-12 weeks. There are ways of jumping ahead in the court date waiting list:

- Telephone the Court and ask for an earlier date.
- Be polite. Getting in a Court clerk's good books never hurts.
- Register on the cancellation list, and if anyone cancels their Court date you will jump ahead in the queue.
- To find contact details for the County Court go to <http://www.courtservice.gov.uk>

2. UNDERSTAND YOUR CREDIT FILE

2.1 What is a Credit File?

Your credit reference file or credit history file is basically a list of all forms of credit that you



have been given and a history of the repayments that you have made. The file includes all loan, mortgage, credit card, CCJ (county court Judgement), bankruptcy order, repossession, collection activities, electoral roll and fraud information that may exist under your name.

If you apply for credit – i.e. apply for a new credit card, personal loan, mobile phone, mortgage, car HP or even to rent a property, the lender involved is able to check your file to assess whether you are a suitable person to lend to. Your creditors cannot see all your personal information. All they have access to is a history of whether you have made your past and current credit repayments on time. They will use this information to help them make a decision about whether to lend to you or not.

Note: Your current credit repayment history is NOT the only criteria used by potential lenders when making a decision about whether to lend you money or not. They also use additional criteria such as how long you have lived in your current accommodation and whether you are a home owner etc. However, if your credit repayment history is good, then this will set you in good stead.

2.2 How Do I Get a Copy of my Credit File?

You are entitled to see a copy of your own credit file. In the UK, a file is compiled about your credit history by 2 main credit reference agencies. These are called Equifax & Experian. The cheapest way of getting a copy of your file is to write to Equifax or Experian and request it. The addresses for Equifax and Experian are as follows:

Equifax Plc

Credit File Advice Centre
P.O. Box 1140,
Bradford
BD1 5US

Experian Ltd

Consumer Help Service
P.O. Box 8000,
Nottingham
NG80 7WF

In your letter, confirm that you are requesting a copy of your statutory credit file and ensure that you include your current address and post code together with any additional addresses with post codes where you have lived in the past 6 years.



You will need to include a cheque or postal order for £2 made payable to either “Equifax” or Experian”. You should receive a copy of your file within 10 days.

Electronic Version of Your File

You can request an electronic version of your credit file by logging on to the Equifax or Experian web sites. Both Equifax and Experian offer extensive electronic credit file services. If you wish, you can receive regular monthly credit file updates in electronic format. However, you must expect to pay increased charges for these services.

If all you want to do is simply check your credit file for issues before applying for new credit, then the £2 written version will be all you need.

Links to the Experian and Equifax web sites are as follows:

Equifax: www.econsumer.equifax.co.uk/consumer/uk

Experian: www.experian.co.uk/consumer

2.3 How Do I Read My Credit File?

2.3.1 – Credit Repayment Status History

Your credit file will record each credit account that you currently have active or have had in the past 6 years (even if the balance on the account is now £0). The file will show the name of the creditor, the date started, the outstanding balance and your payment history. Each time you make a payment to any account, there will be a numeric or Alphabetic record on the credit file to indicate the status of that account. The numbers or letters you may see are as follows:

0 = Payments are Up to Date

1 = Payments are up to 1 month late

2 = Payments are up to 2 months late

3 = Payments are up to 3 months late

4 = Payments are up to 4 months late

5 = Payments are up to 5 months late

6 = Payments are up to 6 months or more late

8 = The account is defaulted. You have failed to keep to your agreement with your creditor.

As a result a Default Notice has been issued and the agreement has been terminated.

D = The account is not in use – No amount owed

U = The lender has not yet given the most recent months information at the time the file was printed.

A perfect credit rating will show a list against each credit account made up of all Zeros eg:
00000000

A poor credit rating will show a list against each credit account made up of different numbers due to late or non payments eg: 110220003321



2.3.2 – Specific Repayment Misdemeanours

In addition to your repayment history, if you have any specific historical items of interest relating to credit, credit problems or misdemeanours, these will also be shown on your file. Examples of such items are as follows:

Default Notice – If you consistently make late payments, underpayments or no payments at all, the associated creditor is able to serve a Default Notice against you. You will be made aware of the Default notice having been issued as the creditor is obliged to send you a formal legal document informing you that you have defaulted against the terms of your credit agreement as governed by the Consumer Credit Act of 1974. This notice of default can only be given after you have received reasonable warnings from your creditor. However, once issued, it allows the creditor to request immediate repayment of the full outstanding balance.

The default notice will be specifically recorded on your credit file. This is the way that the lender is formally able to tell other potential lenders that they have had a bad experience of recovering debts from you.

County Court Judgement (CCJ) – If you ignore a Default Notice which has been issued against you, a common remedy used by many creditors is to pursue their claim for repayment at the County Court. The creditor will instruct a solicitor to lodge their claim for repayment at the Court local to where you live. You will then receive official documents from the Court, which you are obliged to return. They are distinctive as they are blue in colour.

County Court forms will give you the opportunity to agree that you owe the debt or to appeal it. If you agree, then you have the option of repaying the debt in full within 14 days. If you are unable to repay the debt in full within 14 days a CCJ will be made against you.

If you do not make a reasonable offer of repayment based on your financial circumstances and simply ignore the County Court forms, then the Court will assume that you agree that you owe the debt. The Court will then make a legal judgement regardless based on what it believes is a reasonable repayment amount for you to make.



Bankruptcy / IVA

– If you have been through a specific legal insolvency procedure within the last 6 years such as Bankruptcy or Individual Voluntary Arrangement (IVA), this will be recorded on your credit file. Clearly, these procedures are only used if you have had serious debt repayment problems in the past. You will normally be fully aware if you have been through one of these procedures as it is extremely unusual to have been through them without your consent or knowledge. Lenders will be made aware of the existence of these procedures in the information they receive from your credit file.

Electoral roll mismatch

- Every year, your local Council will send out a form for you to fill out. This form updates them on your current residential status and helps them record your movement. Many lenders will compare the address you have given them, to that given on the electoral roll. If the two do not match, then this may count against you in their scoring criteria.

Any missing details in your electoral roll can result in bad scores on your credit file and lead to difficulties if you attempt to apply for credit

Searches on your credit file

- Every time you apply for credit of any kind, the potential lender will interrogate your credit file. A mark known as a search entry is then made on the file. This lets all lenders see how many times you have applied for credit in the recent past. The lender dealing with your current application would expect to see a few search entries. However, if there are an unusually high number, this might throw up cause for concern. If the number of recent search entries on your file is higher than that allowed by the potential lender's criteria, they may reject your application.

2:4 How do Potential Lenders Score My Credit File?

When a prospective lender interrogates your credit file, they cannot see the same details as you are able to see when you request your file. For example, they cannot see the name of the current creditors, outstanding balances or required monthly payments. The prospective lender will be given the history of your past payments (defined in numerals as highlighted in 2.3.1 above). In addition, CCJs and other past credit difficulties will be highlighted to them. On receipt of your credit payment history, the creditor will score the list of numerals obtained from your file against their lending criteria. If your score matches their criteria for success, then it is likely that credit will be offered. If your score does not match their lending criteria, it is likely that your application will be rejected.

This scoring activity is largely why the output of your credit file has become known as your "Credit Score". A common misunderstanding is that when you get a copy of your credit file, this will show some kind of numerical score, which can be defined as good or bad. In fact, there is no such thing as a single "Credit Score". Each potential lender will accept or



reject your application for credit on the basis that their own payment history requirements are lower than, equal to or higher than those shown on your credit file. Different lenders operate different payment history requirements and so some may be willing to lend where others are not.

If you have been rejected for credit, you will quite rightly want to understand why. However, the potential lender will not have a specific understanding of why they have either accepted or rejected your credit application. All they are aware of is that they have compared their payment history criteria to that of yours and the two have either matched or not. If you have been rejected for credit, the only way to understand the reason for this is to request a copy of your credit file (see 2.2 above). You and you alone will then be able to review all the file entries and establish any payment problems. If these are reasonable and expected, then unfortunately there is little you can do to change them in the short term. The only way forward .

is to resolve the issues by starting to make your payments on time or repaying bad debts. If you identify problems on your file which are unexpected or incorrect, there are ways and means of correcting these (see section 3).

3. REMOVING INCORRECT ENTRIES

3.1 Time Over Which Information is Recorded

Your credit file should only show the last 6 years of your credit history. If you had a reason for poor credit over 6 years ago but this was then resolved, records of this should be removed from your file. It is your right to have this information removed. If it has not been removed you should write to the credit reference agency Equifax or Experian (see 2:2) and request that history over 6 years old is deleted.

Note, on-going disputes and unpaid debts will not be removed from your credit file simply because they started more than 6 years ago. Only records of resolved disputes (i.e. where the debt has been repaid in full or settlement has been agreed) will be removed entirely after the 6 year period.



3.2 Debt Which You Believe You Do Not Owe

3.2.1 Debts Owed by You

If you believe that a record incorrectly states that you owe money to a lender, you will have to prove this to the credit reference agency. You will have to write to the lender and request a copy of the agreement which they believe you signed. If they cannot produce this, you have a right to demand the record of the debt removed from your file due to lack of evidence that you owed this money.

3.2.2 Debts Owed By Someone Else

It is surprisingly common to find a record of someone else's bad credit on your file. If someone living at your address (with or without the same name) has poor credit, this person's records may get mixed up with yours and show up on your file. Mistakes do all too often happen. If you believe that this is the case, you should write to Equifax or Experian and request a notice of disassociation. They will send out a disassociation form for you to sign and return it to them for the record to be deleted from your file.

3.3 Defaults

If you have defaulted on your repayments or have ceased payment entirely, a default notice is likely to have been recorded on your file. This default notice will remain until you have resolved the issue by repaying your debt or making an agreed settlement with the lender concerned.

3.6.1 Lump Sum Settlement

If your debt is relatively old (for example in its 4th or 5th year) you will often be able to approach the lender and offer to pay a portion of the debt in exchange for the remainder being written off and the record of the existing debt being removed from your file. In order to have a good chance of getting lenders to agree to such arrangements, you will normally need to offer at least 50% of the outstanding debt payable in a single lump sum. Lenders with bad debts will often sell them to debt collection agencies at a very low price. If your case is taken on by a debt agency, remember that they may have bought it for much less than you actually owe. As such, to make a profit, they do not need to retrieve the whole balance. You may therefore find it easier to strike a deal with a collection agency than the original creditor.

Whether dealing with the original creditor or a collecting agent, make sure you set the terms to your agreement with them. I.e. if you pay, the creditor should agree to COMPLETELY remove the record from your credit file.



3.6.2 Reduced Payment Plan

If you properly present your financial circumstances to your creditors, you may be able to negotiate reduced monthly payments with them to fit within a budget that you can afford. Often, lenders will be stubborn at first and most of them will refuse any offer short of paying the whole debt on the first attempt. However, if you are persistent they will often eventually agree to your proposal. Do be aware that they still require you to repay the full outstanding debt and this could take some time at a reduced payment rate.

3.6.3 Get The Agreement in Writing

If you make an agreement with a lender about repayment, specifically request that the lender confirm the agreement in writing. If they will not, then ask to speak to a Manager. If you are unable to speak to a Manager, threaten to write to both Head Office and the Banking Ombudsman with your complaint.

3.6.4 Removing the Record After Payment

The only person who can remove a record from your file is the lender who put it there. If you come to an agreement where the lender promises to remove any record from your file based on settlement or repayment, make sure you get it in writing. Keep all bank statements which hold proof that you have paid off the agreed settlement. These together with the written agreement from your creditor are enough legal proof to instruct Equifax or Experian to remove a default from your credit file.

3.4 Electoral Rolls

Be sure that your record on the Electoral Roll is correct. If you move, inform the local Council of this. Most Councils will have all the necessary forms on their websites available to download. Electoral rolls exist primarily to enable individuals to register for elections, however up to date registration will also improve your credit file.

3.5 County Court Judgments (CCJ)

It is normally not possible to have a CCJ removed from your credit file once it is in place. As such, the best advice is to try and avoid the judgement being made in the first place! If you are being threatened with a CCJ but do not have the money to repay your debt in full, you must try to agree a reduced repayment plan before you receive the CCJ.

3.5.1 Payment of Debt before CCJ Issue

Before a CCJ is obtained against you, you will receive 14 days notice; in the form of a County Court claim form. You will be given 14 days to pay your debt in full. If you do so then you can avoid the CCJ being issued. If you are unable to pay your debt in full, then it is likely that a CCJ will be issued and recorded on your credit file.



3.5.2 Payment of Debt after CCJ Issue

If a CCJ has been issued and you repay your debt (either through a lump sum settlement or monthly repayment plan) the CCJ record on your file will be 'satisfied'. However, from that point it will remain on your file for up to 6 years. Unfortunately, once a CCJ is registered on your file, it will count against your credit score and generally potential lenders will not care whether it has been satisfied or not.

3.5.3 No Notice of CCJ

If you believe that you did not receive notice of intent to issue a CCJ, it might be illegal. You have the right to have a CCJ removed from your file if you can prove that it wasn't issued correctly. To do this you will need to send a 'Notice of Application' form to the Court where the CCJ was issued. The Court will then be obliged to offer you a date to attend a hearing where you can argue your case.

3.6 Searches on Your Credit File

All searches will be recorded for 2 years, if the same company has conducted more than 1 search you can request for these to be removed claiming duplicate searches from the company.

3.7 CIFAS (the Credit Industry Fraud Avoidance System)

Any CIFAS should expire from your file in only 13 months. You should strongly complain against any incorrect CIFAS information existing on your file. Write to the agency to receive all the information on your file, including the hidden one. Then write to the lender who placed it there and demand them to remove the incorrect record. The Office of Fair Trading can help you if you are not getting a satisfactory result.

3.8 Lenders

Lenders all have different ways of scoring your credit file. Filling out different lenders forms with the same answers will often produce different results. Some lenders have a high threshold for scoring and may not accept your application if you have any traces of credit defaults. Other lenders just may not be in the lending "mood". However, if a creditor is in the midst of launching a new card or loan package they may let their approval guard down during the promotional period to gain more success.

Don't apply for too many loans at the same time, creditors can access your file and see how many loans you are currently applying for. Making multiple applications at the same time may decrease your chances of being approved for credit.

4. BANKING WITH A POOR CREDIT HISTORY



4.1 Opening a New Bank Account

It will be most unlikely that you will be granted credit in the UK if you do not have a UK bank account.

4.1.1 Bank Accounts and Poor Credit

If you do not have a bank account due to a previous poor credit history then it may be difficult for you to open up a standard current account. This is because due to banking competition, most high street current accounts are operated by the banks for free. There is no monthly or annual charge to keep the account open and no charges for general transactions such as withdrawing money or writing cheques.

Because Banks operate personal current accounts for free, the way that they make money is by lending to you. Once you have opened a current account, over time, the bank wants to offer you an overdraft facility, a credit card or personal loan, which you may subsequently accept. If you have a poor credit history, the bank will not want to lend to you. As such, if they give you a current account, this will just cost them money to operate with little hope of recouping this cost by offering you other products.

4.1.2 Card Cash Accounts

If you have a poor credit history, many high street banks and Building Societies are now starting to offer simple bank accounts with no lending facilities called "Card Cash" accounts. You can still have your wages paid into a card cash account via BACS. You can also set up direct debits and standing orders from it. However, you will not be granted any lending facilities or even a cheque book or debit card.

If you believe that you have a poor credit history, then you should go into a bank in person and explain the situation. You should then specifically ask for a simple card cash account with no lending facilities. Generally the banks on the list below will be able to help you:

Barclays Bank.

Account name: Barclays Cash Card Basic Bank Account.

It will not be well advertised and the bank staff will try to persuade you to open a different account. The account can be opened with a proof of ID (passport, drivers licence) and a proof

of Address (Utility bill – but not mobile phone bill) and is available for anyone over 18. No credit check is carried out and you should be able to open an account in one visit. You will receive an 8 digit bank account, a cash point ATM card and basic banking services. There is no cheque book or cheque card, but this account does support direct debits and credits. To find out more information call the Barclays Bank Helpline on **0207 684 2099**, or visit one of their branches.

Abbey

Account name: Instant Plus



This is a simple version of a bank account with direct debit facilities but no debit card; you will not receive a cheque book or any overdraft facilities. Abbey does conduct a lenient credit check and may turn you down if you have traces of bankruptcy or a CCJ on your file. To apply; fill out the form at any Abbey branch, bring your passport and 2 forms of proof of address.

Abbey may upgrade your basic account after 6 months if it has been well kept. They will lend you credit based on your 6 months trial account rather than your credit file.

Halifax

Account name: Card Cash

Similar to the Abbey account, this is a simple bank account with direct debit facilities; you will not receive a cheque book, debit card or any overdraft facilities.

To apply; fill out the form at any Halifax branch, bring your Proof of ID (Passport, Driving License) and proof of address (Utility bill – not mobile).

Nat West

Account name: Step Account

The account can be opened with a proof of ID (passport, drivers licence) and a proof of Address (Utility bill – but not mobile phone bill). No credit check is carried out and you should be able to open an account in one visit. You will receive an 8 digit bank account, a cash point ATM card and basic banking services. There is no cheque book or cheque card, but this account does support direct debits and credits.

To apply; fill out the form at any Nat West, bring your passport and 2 forms of proof of address.

4.2 Borrowing With a Poor Credit History

If you have a history of poor credit, in order to get on the borrowing ladder, you might consider

using a Credit Broker. Credit brokers have access and information about lenders who offer products requiring lower credit scoring profiles. Brokers will charge a fee to introduce you to these but will help to handle your loan application and forward it to the relevant lender.

Note, if you have a poor credit history, you will have to accept a loan or credit card with high interest rates. However, once you start using these forms of credit responsibly (i.e. always making the required payments on time) you can soon ditch the high-interest lenders and start to get approved by most other mainline credit companies. Low interest lenders will have high scoring thresholds, so improve your situation by only selecting a couple of lenders to apply to at a time. If you apply to more than 3 at a time this may work against you as every search conducted on your name means bad scoring on your file.



4.3 Pre Paid Debt Card

Pre paid Debt Cards have only recently been introduced into the UK. However, they are the perfect solution for individuals with bad credit history. Prepaid cards are currently offered by the following suppliers:

www.easykard.com

www.mycashplus.co.uk

The Pre Paid card is a credit card look-alike with either a MasterCard or VISA symbol on it. The card can be used at all the same places a VISA or MasterCard credit card but is completely free from interest charges and credit checks. The card works on a top-up basis; you deposit money onto the card and then you are free to spend it however you like. The card is a good option if you want the convenience of having a card rather than having to carry cash

all the time. The cards are issued with a chip and pin for your security and you can monitor your account and security online.

Note: As there are currently relatively few suppliers of Pre Paid debt cards, you need to anticipate charges for having the card. These are generally in the form of a joining fee (c£15) and a monthly fee (c£5/mth) as long as you have cash available for use on the card.

5. QUESTIONS AND ANSWERS

5.1 I have asked Experian and Equifax to remove incorrect information from my File but They Refuse to Do So.

If you do not get a satisfactory response from a credit reference agency then you can, under the data protection act, take your case to the Information Commissioners' Office. This Office oversees the data protection act which credit bureaus are required to follow.

You can contact the Information Commissioner's Office via their website

[:http://www.informationcommissioner.gov.uk](http://www.informationcommissioner.gov.uk)

5.2 My Debt is Older than 6 Years Old. Does this mean it is automatically written off?

The UK Limitations Act of 1980 states that the maximum time a creditor can demand repayments on a sum outstanding is 6 years. If a period of 6 years has passed since the creditor last contacted you demanding payments towards your debt, your debt is statute-barred (i.e. no longer legally collectable). If you have not been chased for payments for a clear period of 6 years then after that you do not have to repay your debt and your file should be cleared off the debt record. You can write to your lender after the 6 years and notify them that the debt is no longer legally collectable.

For the purposes of the UK Limitations Act, you cannot count the beginning of the 6 years



as being the date when the debt was taken out. The 6 years start when the last payment, admission or acknowledgment of the debt was made. For example, if you make repayments on a debt for 3 years and then stop, the lender then has a further 6 years from this point to acknowledge the debt and try to recover it before the debt will be statute-barred.

Note: on-going disputes and unpaid debts will not be removed from your credit file simply because they started more than 6 years ago. Only records of resolved disputes (i.e. where the debt has been repaid in full or settlement has been agreed) will be removed entirely after the 6 year period. If you have made a part-payment or the creditor can prove they wrote to you to recover the debt or you wrote to them admitting the debt within a six year period, then the six years clock will restart at that point in time!

Think carefully before opening and negotiating a debt close to 6 years old as the creditor may be making the necessary procedures to write off the debt entirely. To make sure, run a couple of checks on the lender to see what they have done in previous situations. Under the Data Protection Act 1998 it is your right to obtain all the documents which the creditors have relating to you. A carefully worded request of this nature would not constitute admission or acknowledgment of the debt and so this should allow you to gain information about your debt without affecting your 6-year clock under the Limitations Act.

Exceptions to the UK Limitations Act Time Limit

For “speciality debt” which for the most part is mortgage debt shortfall after a property-repossession, 12 years is used as the period under the limitation act as opposed to the 6 years above.

For Income Tax, VAT, State benefit overpayments, social fund loans, overpayment of grants, council tax and any other debts to the Crown there is no limitation period, which means you can be chased forever for these debts.

5.3 Can I get a New Credit File History?

Unfortunately it is illegal and practically impossible in the UK to receive a new credit file. You may see advertisements to get a new credit file or “clean up” your credit file. These are often misleading as there is very little that can be done to achieve this other than that already explained within this guide.

5.4 I am Already in Debt but Keep Getting Offers of More Credit!

Perhaps strangely, creditors may not be aware that you cannot really afford to repay the debt that you already have. This is because you continue to maintain your minimum payments largely by robbing Peter to pay Paul.

If there is frequent and satisfactory activity recorded on your credit file (i.e. minimum



payments always made on time), this will generally indicate a good credit score to potential lenders even though in reality you are simply moving funds between different creditors and may be heading for a fall.