

WHAT IS A CREDIT REPORT, AND WHY IS IT IMPORTANT?



Your credit report is a summary of your credit history. Lenders send information about your accounts to the credit reporting agencies. Your credit report contains factual information about your credit cards and loans.

Be Aware: Mobile phone and Internet accounts may be reported, even though they are not credit accounts.

WHAT IS A CREDIT SCORE?

The main factors that are used to calculate your score include:

- 1. Payment history:** when you paid your bills; late or missed payments; debts you did not pay that were written off or sent to a collection agency; whether you have declared bankruptcy.
- 2. Use of available credit:** how much of your available credit you actually use, not your credit limits by themselves.
- 3. Length of credit history:** The longer you have had an account open and used it, the better it is for your score.
- 4. Number of inquires:** Limit the number of times you apply for credit in a short period of time. It is a good idea to seek credit only when you really need it.
- 5. Types of credit:** It is better to have a mix of different types of credit, such as a credit card, auto loan, line of credit or other loan.



Businesses use your credit report and score to see how risky it would be for them to lend you money. Lenders may also use your score to set your interest rate and credit limit. **If you have a high credit score, you may be able to get a lower interest rate on loans,** which can save you a lot of money over time.

In Canada, credit scores range from 300 to 900 points. The best score is 900 points.

Disclaimer

The information provided is not intended as complete financial advice. This information is only intended to give a brief summary of the topic for discussion purposes. It is recommended that you speak with a financial expert who can provide more detailed financial advice based on your individual situation.

Source: fcac-acfc.gc.ca - Financial Consumer Agency of Canada (Government of Canada)

