

# Credit scoring

How it works



# Responding to your application

When you apply for one of our services, we understand you want a fast decision, based on a fair view of your circumstances.

We use a method called credit scoring to help us respond to you quickly in a way that's impartial.

We've been using credit scoring for many years to guide us on all of our customers' applications. We use it if you're applying for a mortgage, unsecured personal loan, a current account or a credit card.

We believe it provides a straightforward solution, and hope you do too. After all, we take our responsibilities as a bank very seriously.



Credit scoring helps us respond to you in a way that's quick, fair – and completely impartial.

## Working out your credit score

### **We use three kinds of information to work out your credit score:**

- Details you give us about yourself as part of your application
- Information based on the way you manage your accounts with us – including whether you've repaid any previous borrowing as agreed
- Information about your personal financial history supplied by a credit reference agency.

We give each piece of information a score. Adding them up helps us to decide whether we can agree to a particular application.

When your credit score reaches a certain level we'll usually agree to your application. If it falls short, we can review your application again to see what we can do to accept it. Unfortunately, in some cases, we may have to decline your application.

Whatever the outcome, we promise to let you know as soon as we can.

## **Why credit scoring is fair**

Credit scoring is based on the experiences we've had with thousands of borrowers over many years.

We assess each piece of information in a fair way, using statistical analysis to decide whether it falls into a low or high-risk category.

We'll carefully work out your credit risk and whether or not we can responsibly accept your application.

We test our credit scoring methods regularly, to make sure they are fair and unbiased, and meet our regulatory commitments.

## **Why your credit score can change**

Your credit score is personal to you, but it isn't fixed and can alter as your circumstances change. This means, even if your application isn't successful on one occasion, we may be able to give you a positive decision the next time.

Different banks, building societies and other lenders will approve a credit score at different levels. So while one company might turn down an application, another might say yes.



We use your credit score to decide whether we can agree to your application.

# Credit reference agencies made simple

When you apply for one of our services, we may need to use information that comes directly from you and through a credit reference agency. This will help us work out your credit score, and confirm your identity and address.

We will clearly indicate on your application if the service you are applying for involves a credit reference agency.

A credit reference agency is a specialist company that holds information about your personal financial history. It doesn't create or maintain blacklists, and doesn't make a decision on an application.

In common with other banks, we share account performance information with the credit reference agencies.

## **Information is collected from several sources:**

### **From public records**

The electoral register helps confirm your identity and the address where you live.

Court records, such as a County Court Judgement (CCJ) or bankruptcy, may show any previous financial problems that should be taken into account.

### **From other lenders**

This information could include details of previous applications you have made to borrow, and whether you have always made repayments on time.

Knowing about this can show whether you have outstanding loans, and how well you're managing your finances.

Even if your record shows that you have – or once had – financial difficulties, we won't automatically turn your application down.

# Seeing your credit details

## We use three major credit agencies:

Experian Ltd,  
Customer Support Centre, Nottingham,  
PO Box 8000, NG80 7WF  
Telephone: **0344 481 0800**  
**www.experian.co.uk**  
Email: **consumer.helpservice@uk.experian.com**

Callcredit Limited,  
Consumer Services,  
PO Box 491, Leeds LS3 1WZ  
Telephone: **0330 024 7579** or **0330 024 7574** (option 7)  
**www.callcredit.co.uk**  
Email: **consumer@callcreditgroup.com**

Equifax Limited,  
Customer Service Centre,  
PO Box 10036,  
Leicester LE3 4FS  
Telephone: **0800 014 2955** or **0333 321 4043**  
**www.equifax.co.uk**

As a bank all our information is sent to all three agencies.

You can get details of the information they hold about you by visiting the websites above or by sending each of them a written request.

When the company replies, they'll explain what it all means. If you see that they are holding particular information about you that's wrong, you should forward the correct information straightaway. They can advise you on the best way to get it changed.

# If we cannot accept your application

If we cannot accept your application, we will give you the reason why. Our decision is always based on the information we have about you at that time, including:

- Your credit score – which may show that the risk of lending to you is too high.
- Our policy on lending – for example you may not meet our lending criteria.
- Information held by a credit reference agency that shows any adverse credit history.



We always aim to give you a fast decision on your application – usually on the same day.

# How to appeal against our decision

## If we turn down your application, you can appeal

For example: if you can provide evidence that the information we have used is incorrect or incomplete, or give us information about your savings or other accounts with another bank or building society. Without new information it is very unlikely that we will be able to change our decision.

We'll always reconsider carefully.

If you want to appeal about your mortgage decision, please write to the following address to tell us why you think the decision is wrong:

Mortgage Underwriting Team  
Lloyds Banking Group  
Barnwood 1  
Barnett Way  
Gloucester  
GL4 3RL

If you applied for a mortgage through a Broker please contact your mortgage broker who should upload your new information with a supporting letter to the Intralinks website.

### **To appeal any other decision, please write to:**

Personal Lending Decisions  
Three City Park  
The Droveaway  
Hove  
East Sussex  
BN3 7AU

When you write, please include the following information:

- The sort code of the bank or building society branch where you have your account, or details of the branch where you applied to open your account
- Your account number
- For lending products please also include details of the amount, length of time and purpose of the borrowing

Please make sure that all account holders sign the letter.

If you think that information held about you at a credit reference agency is wrong, you should contact them and ask them to put it right (see page 8 for credit reference agency contact details). You should also contact the company that registered the information if you think they have made a mistake.



We hope this booklet has helped you to understand credit scoring.

# It's easy to get in touch



**0345 720 3040**

7am–11pm, 7 days a week



**halifax.co.uk/creditscoring**

## Do you need extra help?

If you'd like this in another format such as large print, Braille or audio CD please contact us.

If you have a hearing or speech impairment you can contact us using the Next Generation Text (NGT) Service (available 24 hours a day, 7 days a week) or via Textphone on **0345 732 3436** (lines are open 9am to 5.30pm, 7 days a week). If you're Deaf and a BSL user, you can use the SignVideo service available at **halifax.co.uk/accessibility/signvideo**

## Our promise

Our promise is to do our best to resolve any problems you have. If you wish to complain visit your local branch or call **0800 072 9779** or **0113 366 0167**. (Textphone **0800 389 1286** or **0113 366 0141**, if you have a hearing impairment). For more information visit **halifax.co.uk/contactus/how-to-complain**

Halifax is a division of Bank of Scotland plc. Registered in Scotland No. SC327000. Registered Office: The Mound, Edinburgh EH1 1YZ. Bank of Scotland plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority under registration number 169628.

We adhere to The Standards of Lending Practice which are monitored and enforced by the LSB:

**www.lendingstandardsboard.org.uk**

Eligible deposits with us are protected by the Financial Services Compensation Scheme. We are covered by the Financial Ombudsman Service.

Calls may be monitored or recorded in case we need to check we have carried out your instructions correctly and to help improve our quality of service.

Not all telephone banking services are available 24 hours a day, 7 days a week. Please speak to an adviser for more information.

This information is correct as at June 2018