

## TransUnion Credit Report User Guide

SOUTH AFRICA



# TRANSUNION CREDIT REPORT USER GUIDE

## Using this guide

This guide will walk you through the three sections of your report and the standard types of information contained within each section. Please keep this guide handy for reference purposes.

## What is my credit report?

Your credit report contains information that has been gathered by the bureaus on an ongoing basis from many sources that you have applied to for credit or services. Your credit report is a record of your past and current credit obligations and shows your credit behaviour and payment conduct with your account holders and service providers.

**Tip:** Awareness of your credit report and the information contained therein is the first step that will allow you to take control of your financial health and manage your financial reputation. A good credit report is an asset and it reassures credit/service providers that you are a good credit risk.

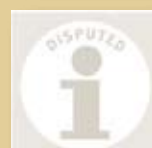
## Debt Review:

If you are over indebted and unable to meet your monthly commitments you may apply for debt review with a registered debt counsellor or to a magistrate's court for debt-rearrangement. In terms of section 88(1) of the National Credit Act you may not apply for credit if you have applied for, or have been placed under debt review or debt-rearrangement. In line with the National Credit Act your debt review counsellor will have your application resolved within 30 (thirty) working days and we will update your credit report accordingly.



## The right to challenge your credit information - Dispute:

You have the right to challenge your credit information. If you contact TransUnion and log a dispute, this will be noted on your credit report. The information that you dispute will not show in your credit report while TransUnion investigates. TransUnion will contact each credit/service provider or court to whom the dispute relates and attempt to resolve the dispute within 20 working days. During the investigation, TransUnion will provide feedback via e-mail or sms on the outcome of your dispute.



## SECTION A: Your personal address and employment information



### What is personal information on my credit report and why is this information important?

Your personal information is compiled from applications you made, for example the last time you applied for credit. Included is your personal information such as name, surname, marital status, physical and postal address, contact numbers, ID number, spouse details, current employer and occupation, captured at the time.

**Tip:** Always provide accurate and complete information when applying for or updating credit/service providers records as this information will be used to make contact with you and to verify your identity. Accurate and complete information will also improve your chances of obtaining further credit or services.

## SECTION B: Your credit summary



### What is a credit summary?

Your credit summary includes a summary of the content of your credit report. Adverse credit information may include judgments, enforcement actions, sequestrations and rehabilitation. If you have paid your accounts late or have failed to pay, this will appear under either judgments, adverse information, notices or your payment profile which is your account payment history over 24 months.

### What is default/adverse credit information and how does it impact my future access to credit?

If you have a poor credit record or a judgment, notice, default or trace alert against your name this will impact your ability to get credit. It is not TransUnion that declines your application for credit but the credit/service provider with whom you are applying for credit or services. The credit/service provider makes use of your credit record to help make a decision about the risk they are taking in granting you credit.



## What is a trace alert?

A trace alert is placed on your credit report when a credit/service provider has asked to be notified when any updated contact information is loaded onto your credit report as they are unable to make contact with you due to outdated contact information.

**Tip:** Contact your credit/service provider to update your information when you change your physical and postal address.



## What is a consumer remark?

This is an explanation of facts or conditions that affect you, for example your identity document has been stolen and you have requested that TransUnion note it on your credit report.

**Tip:** Monitor your credit report to protect yourself from becoming a victim of fraud. Protect your identity with our “My Credit Report with Notification” product. This is a pro-active measure to avoid becoming a victim of identity theft in that you receive an e-mail or sms notification every time any change is made on your credit report.



## What are enquiries on your credit report?

An enquiry is recorded whenever your credit report is shown to another party such as a credit/service provider. Enquiries remain on your credit report for up to 2 years. An enquiry is typically done when you apply for credit. If you do not recognise any of the companies that have done an enquiry, it may indicate that potential credit fraud or identity theft is taking place. When you personally check your credit report with TransUnion, the enquiry that is recorded will not adversely affect your credit standing.

**Tip:** Check your enquiries periodically on your credit report to make sure that they were authorised by you. Unauthorised enquiries may be an indication of credit fraud or identity theft.



## SECTION C: Your account history/payment profile

### Total account history/payment profile

A summary of your accounts including the date the account was opened, the credit limit or amount of the loan, the payment terms, the outstanding balance on the accounts as well as a 24 month depiction of how you pay your accounts.

**Tip:** Your 24 month payment history forms an integral part of credit/service providers credit processes. Decisions on whether to grant you credit and how much credit is based heavily on your account payment history. Credit/service providers' key aim is to determine your affordability and level of indebtedness to ensure that they grant you credit responsibly and appropriately. A positive account history/payment profile is your key to a healthy credit report and a good credit reputation.



## GENERAL CREDIT REPORT TERMINOLOGY

<b>Delinquent</b>	The number of accounts on your credit report that are currently overdue for payment
<b>Derogatory</b>	The number of accounts on your credit report that are negatively impacting your credit status
<b>Public Records</b>	Public records include notices such as provisional sequestration, sequestration, rehabilitation orders and administration orders. These records are accessible to the public.

## ACCOUNT TYPES

Account type refers to the account that you have applied for and that has been opened for you by the credit/service provider. An example of account types – personal cash loans, credit cards, home loans, etc.

### ⌘ Instalment account type

An example of this account type is when you buy an item such as a fridge or a television. The ‘credit limit or opening balance’ will be the price of the item. A monthly rate or monthly amount that you need to pay will be worked out by the credit/service provider, this being the ‘instalment’. The amount still owing for the item you bought is called the ‘Current Balance’. Should you skip a payment or pay late this information will be updated on your account history/payment profile.

### ⌘ Revolving account type

An example of this account type is when you open a clothing account. The credit/service provider will set a credit limit/opening balance based on what they think you can afford. This credit limit or opening balance is the most you can spend up to. The credit/service provider will work out each month the current balance (full amount outstanding) and the instalment due for the month (what you owe for that month). All the information on how you pay your account (pay on time, skip a payment or pay late) will be recorded on your account history/payment profile.

### ⌘ Open account

An example of this account type is an account such as a telephone, cellular or security account where there is no credit limit (maximum amount up to which you can spend). Each month you will be asked to pay the full amount of what is owed – for example a cell phone account where each month you pay for what you spent the previous month.

### ⌘ Credit card account

A credit card account will allow you to buy goods and services now and pay for them later. You will be asked to pay a certain amount each month. The credit/service provider will charge you interest on the total money owed/outstanding.

### ⌘ Personal cash loan

Borrowing of money from a financial institution such as a bank, for personal use.

### ⌘ Home loan

A home loan is applied for if you want to buy a house. The credit/service provider will lend you the money to buy the house and you will have to pay the credit/service provider each month until you have paid back all the money you owe. The payment of a home loan is usually over a long period of time, often up to 20 years. The credit/service provider will charge you interest on the total money owed/outstanding.

### ⌘ Short term insurance

Short term insurance is taken out to protect yourself against loss or damage of your personal possessions such as your car, clothes, television, sound system etc. If they are stolen or damaged the insurance company will replace them or fix them. You will have to pay a monthly amount (premium) to the insurance company for this insurance cover.

### ⌘ Long term insurance

Long term insurance is taken up to plan for you and your family’s future. You can take out a ‘life insurance policy’ and a certain amount of money will be paid to your family if you become disabled or die. You will have to pay a certain sum of money each month (premium) to the life insurance company.

### ⌘ Garage card

A garage card is like a credit card and is used to pay for your petrol, maintenance and tollgate fees. You will be asked to pay a certain amount each month or the full amount that is owed for the month. The credit grantor/service provider will normally charge you interest on the total money owed/outstanding.

### ⌘ Single credit facility

A single credit facility will allow you to place a number of account types under one account that combines all of these – usually at a single interest rate. The types of accounts that can be combined under one facility are accounts such as credit card accounts, home loan accounts, car loan accounts and your overdraft.

### ⌘ Utility accounts

This type of account is to allow you to pay for utilities such as water, rates and electricity.

### ⚙️ **Overdraft facility on cheque accounts**

An overdraft facility is applied for when you need to take out more money from your bank account than what is available. The credit/service provider will decide the maximum amount you can withdraw that exceeds your funds available.

### ⚙️ **Loan granted from a pension fund**

A loan granted from a pension fund or pension backed lending is a way for a credit/service provider to secure the risk via the savings you have built up in your pension or provident fund. If you happen to stop paying the loan the savings you have built up in your retirement fund or pension fund will be used to pay for the outstanding amount owed on your loan.

### ⚙️ **Building loan**

A building loan is applied for if you want to pay for the building of a new home or to renovate your existing property.

### ⚙️ **Student loan**

A student loan is applied for if you are a student and you need a loan to help you pay for your studies.

### ⚙️ **Unsecured credit transaction under R8000**

An unsecured credit transaction is a small loan that you can apply for without a guarantee or deposit. This is a short term loan that you need to repay over a fixed term with an end date.

### ⚙️ **Revolving unsecured credit transaction under R8000**

A revolving unsecured credit transaction is a small loan that you can apply for without a guarantee or deposit. This short term loan is provided to you with a credit limit or opening balance that is the maximum amount you can spend up to. The credit/service provider will work out each month the current balance (full amount outstanding) and the instalment due for the month (what you owe for that month).

### ⚙️ **Debt recovery accounts**

This is an account of yours that has been handed over for collection due to non-payment. (This account is held by a debt collection company who is a member of ADRA - Association of Debt Recovery Agents).

## **OWNERSHIP TYPE/RESPONSIBILITY**

This field indicates the manner in which an account is owned. There are three ways in which you can own an account:

- 1) **Sole Proprietor** – If you are a sole proprietor you do business in your own name and you are the sole owner of the business. You personally are responsible for all the debt of the business. As a sole proprietor you may do business with a trade name other than your legal name. A sole proprietor ownership type is indicated when you apply for credit or services as a sole proprietor.
- 2) **Joint Loan** – A joint loan or joint bond is when the full value of your home loan is registered with yourself and one or more other individuals. The account history information is reflected against all the participants of the joint loan and not just the individual/s who are making payment.
- 3) **Other** - If an ownership type is not supplied for either a sole proprietor or a joint loan then the ownership type defaults to 'other'.

## **TYPE OF PAYMENT**

This field indicates how payment is made on a particular account.

### ⚙️ **Payroll deduction**

This type of payment is indicated when the payments for an account of yours are deducted from your salary.

### ⚙️ **Deferred payment**

An example of a deferred type of payment would be when you purchase an item such as a house or tractor and the credit/service provider agrees to allow you to make payment at a future date and then thereafter at regular intervals for example every quarter, every six months or every year. The deferred payment date indicated on your payment history/payment profile is the date when your next payment is due.

### ⚙️ **Staff account**

If you are an employee at a credit/service provider that has opened an account for you this will be indicated as a 'staff account' type of payment.

### ⚙️ **Under administration**

Under Administration type of payment is indicated when the credit/service provider has requested that the Magistrate Court place you under administration to help you pay your accounts. An administrator will take control of your finances and pay all your creditors. An administration order can only be granted if your debt does not exceed R50 000 and if you do not own any property.

### ⌘ Judgment granted

Judgment granted as a type of payment will be indicated if a credit/service provider has taken out a judgment against you because you have not paid your account and have not responded to reminder letters to pay. A judgment is granted when a court of law gives you the instruction to pay the outstanding account. A judgment remains on your credit report for 5 years.

### ⌘ Debt under restructure with credit/service provider

This is when you have made an application to your credit/service provider to restructure the terms of your credit agreement to make it more affordable for you.

### ⌘ Voluntary debt consolidation

This is when you apply for a loan to settle your entire outstanding debt. All your debts are consolidated to enable you to pay one account only.

### ⌘ Other

If no payment type is specified then the field will be defaulted to 'Other'.

## ACCOUNT DETAIL

### ⌘ Deferred payment date

This indicates the date on which a future payment must be made.

### ⌘ Repayment frequency

Repayment frequency is an indication of when payment is expected by you for a particular account. This is by agreement with the credit/service provider. For example – weekly payment (rolled up to monthly), every two weeks or fortnightly (rolled up to monthly), monthly, quarterly payment, twice a year (bi-annual) and annual (once a year). Most accounts work on a payment frequency of monthly. In the case of quarterly, bi-annual and annual these are usually deferred payments.

### ⌘ Number of joint parties in joint account

This indicates the number of individuals that are part of a joint loan.

### ⌘ Account sold to third party

Your account has been sold to a third party for collection. Note that both positive and negative debt can be sold to a third party.

## CREDIT TIPS: -

### I am new at credit. What tips can you give me to maintain a good credit report?

- Get a copy of your credit report to know your credit status
- Avoid making impulsive purchases – make sure you really need the item
- Only borrow what you can afford – live within your means and do not over commit yourself financially. Financial experts advise that only 15 – 20% of your income should be spent on short term credit (12 months or less) which includes your credit cards, store cards and instalment agreements
- Understand the risks, costs and responsibilities of your credit/service agreements and only apply for credit and services from registered and reputable credit/service providers
- Be honest when supplying details of your income and expenses when applying for credit and services
- Use spare cash to pay off credit and try to contribute regularly to a savings or investment accounts
- Pay your instalment punctually and in full every month
- Contact your credit/service providers if you run into financial difficulty and ask them to restructure your debt to make it more affordable for you to pay your instalment and avoid going into arrears which may result in a judgment or default taken against you
- Don't move your short term debt (eg credit card) to long term debt (eg home loan) to increase your monthly cash flow, as you will pay more interest in the long term
- Never stand surety or apply for credit in your name on some else's behalf as that person may not be able to repay the debt and you will be left with a poor credit status



To find out more, visit our Learning Centre on [www.mytransunion.co.za](http://www.mytransunion.co.za)



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