

Half of Brits have never checked their credit score

- **One-third of Brits (32%) don't know how to check their credit score, leaving them open to possible identity fraud and a lack of financial awareness**
- **Many Brits are unsure what affects your credit score, thinking that your income (21%), job title (21%), and borrowing from friends and family (6%) makes a difference**
- **However, over one in ten people (12%) don't think anything they do affects their credit score, and nearly half (45%) don't think missed payments affect their credit score**

Checking your credit score is one of the best ways to better understand your financial health. It can help steer you in the right direction when it comes to managing your finances, and help you become more aware of possible identity fraud. However, new research has found that half of the UK public (49%) have never checked their credit score.

The research, from debt management company Lowell, found that many people in the UK are unaware of the importance of credit scores, what will and won't affect their score, or how to check it.

Credit score ignorance

Checking your credit score is an important part of financial housekeeping, but a third of Brits (32%) don't know how to find out their credit score. 10% of people check their credit score just once a year, and just a quarter of people (24%) check their score once a month or more.

It's not so surprising that people don't like to check their credit scores often, as almost one in five people (17%) believe that the amount of times you check your credit score harms your credit.

Checking your own credit score is known as a 'soft check'. The check will be noted on your file, but it won't have an impact on your score. However, applying for new credit, like credit cards, loans, or finance agreements, will require a 'hard check' from the lender – and repeated applications, or having a lot in a short time, can decrease your credit score.

A fifth (21%) of Brits also believe that your job title and income can affect your credit score when this has no impact. 6% of people think borrowing money from friends and family makes a difference, even though this also has no impact.

What can affect your credit score?

There are lots of things that can have an impact on your credit score – but more than one in ten people (12%) don't think that anything they do affects their credit score.

Three-quarters of Brits don't believe that a phone contract can have an impact on your credit file (75%), and two-thirds (66%) don't think that a car loan could affect your credit rating.

Also, almost half (45%) don't believe missed payments affect your score when missing payments by 30 days or more can have a huge impact.

Two-thirds (66%) of respondents also didn't think that store cards could affect your credit score. Having lots of credit agreements, like in-store finances or hire purchases, can lower your credit rating even if you're making your repayments on time. When lenders decide whether they're going to lend to you, they might look at your total credit and how many different lines of credit you have open to see your total repayments.

Mortgage Applications

Catherine Taylor, 29, from Manchester, didn't know how to check her credit score and was faced with some barriers when she applied for a mortgage in 2020. She said:

"I'd never even thought about checking my credit score before – no one in the bank had ever said that I should, or told me how. I've never had an overdraft or credit card or missed a payment on my bills, so thought I would be fine.

"When it came to applying for a mortgage, my advisor told me I had a low credit score due to low credit limits, and this limited what type of mortgage I could get.

"I was gutted and wished someone had told me sooner how important it was, and the best ways to build up your file."

Commenting on the findings, John Pears, UK CEO of Lowell, says:

"Looking after our financial health is an important life-skill to learn, especially in today's digital landscape.

"This survey reveals just how important it is for people to have access to the right tools and resources from an early age, so that they can be in control of their finances from the word 'go'.

"Credit scores are important for a range of major life events - buying your first house, financing a car - so it's vital that people know and understand their credit score, what it says about them and the steps they can take to help improve it.

We want to ensure consumers feel empowered and in control of their finances, which is why at Lowell it's our goal to help make credit fairer for all. A range of independent and impartial support is available for anyone struggling with their finances. A list of organisations who can help is available at our website <https://www.lowell.co.uk/help-and-support/independent-support/>"

[ENDS]**Sources**

[1] Survey conducted by Censuswide on behalf of Lowell, 24/03/21 - 26/03/21. 1,001 general respondents in the UK

About Lowell

Lowell is one of Europe's largest credit management companies with a mission to make credit work better for all. It operates in the UK, Germany, Austria, Switzerland, Denmark, Norway, Finland, and Sweden. Lowell's unparalleled combination of data analytics insight and robust risk management provides clients with expert solutions in debt purchasing, third party collections and business process outsourcing. With its ethical approach to debt management, Lowell always looks for the most appropriate, sustainable, and fair outcome for each customer's specific circumstances. Lowell was formed in 2015 following the merger of the UK and German market leaders: the Lowell Group and the GFKL Group. In 2018, Lowell completed the acquisition of the Carve-out Business from Intrum, which has market leading positions in the Nordic region. It is backed by global private equity firm Permira and Ontario Teachers' Pension Plan. For more information on Lowell, please visit our customer website: <http://www.lowell.co.uk> or our investor website: <http://www.lowell.com>

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