

## **Know the truth about the credit rating process**

(NC)—There are many myths and misconceptions floating around the subject of credit. Equifax Canada, the country's largest credit reporting agency, summarizes a few of them below. The truth regarding these myths may encourage you to check your credit reports every spring as part of your annual financial housekeeping.



### **Myth #1: "I have only one credit score."**

Truth: Each of the two major credit agencies in Canada has a proprietary scoring model, and thus your score can vary somewhat.

### **Myth #2: "When I check my own credit report, it is considered a credit hit against me."**

Truth: When you look at your own report and score, it is counted as a "soft inquiry" and does not affect your score in any way. Your score can be slightly lowered, however, when inquiries are made by third parties; for example, when a "hard inquiry" by a lender or creditor occurs as you apply for credit. When you shop around for a loan and make several loan inquiries within a few weeks, those multiple inquiries may be treated as a single inquiry to minimize impact.

### **Myth #3: "The credit-reporting agency is responsible for my debt (or credit) rejection."**

Truth: The credit reporting agency only provides the credit data and is not involved in the decision to extend credit. Each lender or creditor may use the credit score as well as other criteria to determine whether or not you qualify for credit.

### **Myth #4: "The credit reporting agency put the negative information on my credit file."**

Truth: Credit reporting agencies aggregate information into your credit report when creditors send details about your payment history. The agency compiles the data about your financial history and presents it as a snapshot of your finances. You should frequently check your credit report at the two nationwide credit reporting agencies for accuracy. Should you find any inaccuracies, contact the credit reporting agencies to file a dispute.

### **Myth #5: "By signing up for a credit monitoring product, I allow agencies access to more information than before."**

Truth: The credit reporting agency has already collected information from your creditors; by registering for a credit monitoring product, the agency can now alert you when changes occur on your credit report.

### **Myth #6: "I monitor my credit card and bank activity, so I don't need to check my reports regularly."**

Truth: Accounts can be opened in your name without your knowledge. Checking your credit report regularly can help ensure you're aware of all the credit activity being recorded in your name.

More information is available online at [www.equifax.ca](http://www.equifax.ca) or toll-free at 1-800-465-7166.

*[www.newcanada.com](http://www.newcanada.com)*

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## **Busting credit myths that are often believed**

(NC)—If household improvement projects are a priority with the arrival of spring, why not spruce up your financial situation as well? Equifax Canada steps up with some credit myth busting:

**Myth: “I have only one credit score.”**

Truth: There are two credit reporting agencies in Canada and each of them has a proprietary scoring model – so your credit score can vary across these two agencies.

**Myth: “When I check my own credit report, it is considered a credit hit against me.”**

Truth: Viewing your own report and score is counted as a "soft inquiry" and doesn't have an impact on your credit score.

**Myth: "By signing up for a credit monitoring product, I allow agencies access to more information than before."**

Truth: The credit reporting agency has already collected information from your creditors; by registering for a credit monitoring product, the agency can now alert you when changes occur on your credit report.

**Myth: "I monitor my credit card and bank activity, so I don't need to check my reports regularly."**

Truth: Accounts can be opened in your name without your knowledge. Checking your credit report regularly can help ensure you become aware of all the credit activity being recorded in your name.

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