



## What is a credit score?

It is a 3 digit number that can be used to decide whether or not you get a loan and/or the interest rate for a loan. It is a snapshot of financial health at a specific point in time, and indicates the risk you represent for lenders.

It is NOT the same as a credit report, which shows your payment history.

## What is a good credit score?

Credit scores are usually on a scale of 300-900. High scores on this scale are good. The higher your score, the lower the risk you are to the lender. Lenders will decide on the lowest score you can have and still borrow money from them.

## How would I get my credit score?

Contact one of the 2 major credit bureaus, Equifax or TransUnion. It costs about \$15-\$25 to check online.

Equifax: [http://www.consumer.equifax.ca/home/en\\_ca](http://www.consumer.equifax.ca/home/en_ca)

TransUnion: [www.transunion.ca](http://www.transunion.ca)

## What is a credit score composed of?

**35%** is payment history. For example, if you pay bills on time, have any unpaid debts or have been through bankruptcy, consumer proposal or debt management plans.

**30%** is how much you owe. For example, if you carry an \$8,000 balance on a credit card with a \$10,000 limit - even if you pay the minimum each month - your credit score will drop. So it is important to keep your balance down and not get close to the credit limit.

**15%** is how long your accounts have been opened and used.

**10%** is the balance between revolving credit such as credit cards and installment loans such as mortgages. Lenders like to see BOTH types of credit.

**10%** is how much new credit you've applied for. This shouldn't be too high a percentage of all credit shown on your file.



Community Advocacy & Legal Centre

# CREDIT SCORE TIP SHEET

(UPDATED: OCT 2016) PG 2 OF 2

## What can I do to be a good credit risk?

- Be approved for credit
- Use the credit you are given
- Pay on time
- Keep debt to a minimum on credit cards

## How long does information stay on my credit report?

A credit score is part of a credit report therefore the information is found in that report. Information affecting your credit score is usually removed from your credit report after a certain period of time. In Ontario the range is 2-7 years depending on the type of information.

## More Information

The Ministry of Government and Consumer Services has valuable information for consumers on its website: [www.sse.gov.on.ca/mcs/en/pages/default.aspx](http://www.sse.gov.on.ca/mcs/en/pages/default.aspx) .

See also: <http://www.canlaw.com/credit-problems/credit-scores.html#.V4OvekZF2B0>  
[www.fcac-acfc.gc.ca/Eng/forConsumers/topics/creditLoans/Pages/CreditRe-Dossierd.aspx](http://www.fcac-acfc.gc.ca/Eng/forConsumers/topics/creditLoans/Pages/CreditRe-Dossierd.aspx)  
[www.consumerhandbook.ca/en/topics/financial/credit-reporting](http://www.consumerhandbook.ca/en/topics/financial/credit-reporting)

Community Legal Education Ontario (CLEO) also has some pamphlets/information:

- Credit Repair: [www.cleo.on.ca/en/publications/crrepair](http://www.cleo.on.ca/en/publications/crrepair)
- Your Credit Report: [www.cleo.on.ca/en/publications/credit](http://www.cleo.on.ca/en/publications/credit)

Your Legal Rights: <http://yourlegalrights.on.ca/legal-topic/consumer-law/credit-records>

www.communitylegalcentre.ca

158 George Street, Level 1  
Belleville, ON K8N 3H2  
Tele: (613) 966 8686  
Toll Free: 1 877 966 8686  
Fax: (613) 966 6251  
TTY: (613) 966 8714

*Your community legal clinic*