

# A guide to credit scoring

C&G is part of the Lloyds Banking Group and the lender for C&G mortgages is Lloyds TSB Bank plc. To help make a responsible and fair decision about whether or not to agree a C&G mortgage, Lloyds TSB may use a process called credit scoring. This is a method of assessing a borrower's likely conduct of an account based on a range of data including the conduct of previous similar accounts. It is a system used widely by credit providers today to help make informed decisions on lending.

## How does credit scoring work?

Credit scoring takes account of information from three sources: the information provided in your application; information provided by credit reference agencies; and information that may already be held about you by companies in the Lloyds Banking Group.

The credit scoring system will consider a range of information from these sources to make an overall assessment of your application. This assessment is based on an individual's repayment history and experience that has been gathered over many years of providing credit to customers.

The types of information that will be considered before agreeing a mortgage include:

- your occupation
- employment history
- income
- conduct of previous loans with companies in the Lloyds Banking Group
- information obtained from credit reference agencies.

The Lloyds Banking Group believes that credit scoring is a fair and impartial system because it does not single out a specific piece of data as the reason for declining your application. The credit scoring methods used are regularly tested to ensure they remain fair, effective and unbiased.

## What is a credit reference agency?

A credit reference agency is a commercial body, licensed by the Office of Fair Trading, which holds both public and private information on individuals. Information is held for almost every adult in the UK.

The public information includes:

- electoral roll details
- county court judgments (CCJs)
- bankruptcies.

The private information includes:

- details of existing loan agreements with other lenders
- details of current or previous arrears
- information about recent applications for credit
- any properties taken into possession by lenders within the last six years.

The information provided by credit reference agencies is considered in the C&G mortgage credit scoring process. We will tell you if your loan application is declined because of adverse data provided by a credit reference agency. However, it will not be possible to disclose details of the adverse information.

## How can I find out what information is held about me?

You can obtain a copy of the information held about you by writing to the credit reference agency, giving all your addresses for the previous six years and enclosing a cheque for the £2 made payable to the agency.

Different charges may apply to telephone or internet enquiries. The £2 charge is correct at time of going to print.

*continued overleaf*

Credit reference searches in relation to C&G mortgages are normally carried out through Experian, although Equifax may also be used.

Experian Ltd  
Consumer Help Service  
PO Box 8000  
Nottingham NG80 7WF  
Tel: 0844 481 8000  
www.experian.co.uk

Equifax plc  
Consumer Advice Centre  
PO Box 1140  
Bradford BD1 5US  
www.myequifax.co.uk

If you disagree with the contents of your file, you can contact the agency that supplied the information. If, after investigation, it is agreed that the information is inaccurate, it will be changed.

### Why would an application be declined?

If your application for a C&G mortgage is declined, we will tell you which of these three was the principal reason for the decision:

- 1 The assessment of the risk of lending to an individual is greater than Lloyds TSB is willing to accept, based on the information gathered from the sources mentioned earlier.
- 2 The information an applicant provides about their income suggests it will be insufficient to support the loan, taking account of other outgoings.
- 3 The application falls outside lending policy for C&G mortgages – for instance, the applicant is too young to borrow or the property is not appropriate security for the loan.

### If I am declined for a C&G mortgage, will it affect applications to other lenders?

If your application is declined we will not disclose this to credit reference agencies.

Lenders have differing lending policies and scoring systems, so they may assess applications differently. This means that one lender may accept your application where another would not.

### Can I appeal against the decision?

Your intermediary can contact us to ask to have the decision reconsidered. We would normally ask you to provide additional relevant information to help in re-assessing your application.