



# Making sense of credit scoring.

How it all works.

 **BANK OF SCOTLAND**  
With you all the way

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# Responding to your application.

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**When you apply for one of our services, we understand you want a fast decision, based on a fair view of your circumstances.**

We use a method called credit scoring to help us respond to you quickly in a way that's impartial.

We've been using credit scoring for many years to guide us on all of our customers' applications. We use it if you're applying for a mortgage, unsecured personal loan, a current account or a credit card.

We believe it provides a straightforward solution, and hope you do too.

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Credit scoring helps us respond to you in a way that's quick, fair – and completely impartial.

# Working out your credit score.

## **We use three kinds of information to work out your credit score:**

1. Details you give us about yourself as part of your application.
2. Information based on the way you manage your accounts with us – including whether you've repaid any previous borrowing as agreed.
3. Information about your personal financial history supplied by a credit reference agency.

We give each piece of information a score. Adding them up helps us to decide whether we can agree to a particular application.

When your credit score reaches a certain level we'll usually agree to your application. If it falls short, we can review your application again to see what we can do to accept it – or if we have to say no, after all.

Whatever the outcome, we promise to let you know as soon as we can.

### **Why credit scoring is fair.**

Credit scoring is based on the experiences we've had with thousands of borrowers over many years.

We assess each piece of information in a fair way, using statistical analysis to decide whether it falls into a low or high-risk category.

We'll carefully work out your credit risk and whether or not we can responsibly accept your application.

We test our credit scoring methods regularly, to make sure they are fair and unbiased, and meet our regulatory commitments.

### **Why your credit score can change.**

Your credit score is personal to you, but it isn't fixed and can alter as your circumstances change. This means, even if your application isn't successful on one occasion, we may be able to give you a positive decision the next time.

Different banks, building societies and other lenders will approve a credit score at different levels. So while one company might turn down an application, another might say yes.

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**We use your credit score to decide whether we can agree to your application.**

# What a credit reference agency does.

When you apply for one of our services, we may need to use information that comes directly from you and through a credit reference agency. This will help us work out your credit score, and confirm your identity and address.

We will clearly indicate on your application if the service you are applying for involves a credit reference agency.

A credit reference agency is a specialist company that holds information about your personal financial history. It doesn't create or maintain blacklists, and doesn't make a decision on an application.

In common with other banks, we share account performance information with the credit reference agencies for those customers that have given their consent for us to do so.

Information is collected from several sources.

### **From public records.**

The electoral register helps confirm your identity and the address where you live.

Court records, such as a County Court Judgement (CCJ) or bankruptcy, may show any previous financial problems that should be taken into account.

### **From other lenders.**

This information could include details of previous applications you have made to borrow, and whether you have always made repayments on time.

Knowing about this can show whether you have outstanding loans, and how well you're managing your finances.

Even if your record shows that you have – or once had – financial difficulties, we won't automatically turn your application down.

# Checking your personal record.

## We use three major credit reference agencies:

- ✓ Experian, Credit Report Services,  
PO Box 1135, Warrington WA55 1EP  
Telephone: 0844 481 8000  
**[www.experian.co.uk](http://www.experian.co.uk)**
- ✓ Callcredit Limited, Consumer Services Team,  
PO Box 491, Leeds LS3 1WZ  
Telephone: 0870 060 1414  
**[www.callcredit.co.uk](http://www.callcredit.co.uk)**
- ✓ Equifax Plc, Credit File Advice Centre,  
PO Box 1140, Bradford BD1 5US  
Telephone: 0844 335 0550  
**[www.equifax.co.uk](http://www.equifax.co.uk)**

As a bank all our information is sent to all three agencies.

You can get details of the information they hold about you by visiting the websites above or by sending each of them a written request and a cheque or postal order. A £2 charge applies for this service.

When the company replies, they'll explain what it all means. If you see that they are holding particular information about you that's wrong, you should forward the correct information straight away. They can advise you on the best way to get it changed.

# If we cannot accept your application.

If we cannot accept your application, we will give you the reason why. Our decision is always based on the information we have about you at that time, including:

- your credit score – which may show that the risk of lending to you is too high
- our policy on lending – for example, you may be too young to borrow
- information held by a credit reference agency that shows any adverse credit history.

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We always aim to give you a fast decision on your application – usually on the same day.

# How you can appeal.

## **If we turn down your application, you may be able to appeal.**

For example: if you can provide evidence that the information we have used is incorrect or incomplete, or give us information about your savings or other accounts with another bank or building society. Without new information it is very unlikely that we will be able to change our decision.

## **We'll always reconsider carefully.**

To appeal for mortgages, please contact the branch where you made the application. They will review your case, or if they're unable to do so, tell you who you should contact to arrange a review. Either way, you will be kept up to date with the result.

**To appeal any other decision, please write to:**

Personal Lending Department  
1 Lovell Park Road  
Leeds  
West Yorkshire  
LS1 1NS

When you write, please include the following information:

- The sort code of the bank or building society branch where you have your account, or details of the branch where you applied to open your account.
- Your account number.
- For lending products please also include details of the amount, length of time and purpose of the borrowing.

Please make sure that all account holders sign the letter.

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We hope this booklet has helped you to understand credit scoring.

Please contact us if you'd like this in Braille,  
large print or on audio.

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for lending, for which we are licensed by the Office of Fair Trading.  
We subscribe to the Lending Code; details can be obtained from  
[www.lendingstandardsboard.org.uk](http://www.lendingstandardsboard.org.uk)

We are covered by the Financial Services Compensation Scheme  
and the Financial Ombudsman Service.

As part of Lloyds Banking Group, Bank of Scotland is a Proud Partner for  
Scotland of the London 2012 Olympic Games and Paralympic Games.

This information is correct as at July 2011.

1/4510046-4 (07/11)

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[bankofscotland.co.uk/trackside](http://bankofscotland.co.uk/trackside)



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