



10 TOP TIPS TO BE MORE CREDIT CONSCIOUS

What does it mean to be financially responsible? As a general rule, you need to live within your means and your expenses should not exceed your income. A big part of this is to manage your credit responsibly and to keep on top of your payments – the way you manage credit can impact your ability to get future loans, like finance for a car, a bond for a house or even a cell phone contract.

Here are 10 tips to be more credit responsible:

- **Ensure your instalments are paid on time** – One of the most important factors influencing your credit score is your payment history. If you miss payments or are consistently late, that will be reflected on your credit report. This can lead to a lower credit score, which can give rise to additional fees or higher interest and worse credit terms and rates when you apply for loans.
- **Avoid risky behaviour** – Applying for credit at multiple lenders could be seen as risky behaviour. Each time you apply for credit, your bureau data is accessed, and an enquiry notice is recorded on your credit report. Too many applications can affect your credit score negatively.
- **Review your credit report regularly** – Managing your credit effectively requires that you keep up with what is happening on your credit report. It's important to check your credit report at each bureau regularly to ensure there is no fraudulent activity in your name and that any errors can be fixed as quickly as possible.
- **Understand your credit report** – Become familiar with your credit report and the information it contains. Regularly access your credit information to ensure that the information recorded is accurate and up to date. Everyone has the right to dispute the data contained in their credit report if any of it is incorrect. The credit bureau will investigate that data and remove it from the report if the dispute is upheld. This is done without charge,
- **Only use credit when you need it, not when you want it** – It's important to track your credit card spending so that you avoid going over your limit. Be cautious of becoming dependant on multiple short-term loans associated with high interest rate and in particular payday loans where repayments are deducted in full upon your payday.
- **Don't live beyond your means, know your budget** – You should know exactly how much is going in and coming out of your account each month. It's a good idea to keep your credit use less than 30% of your maximum limits.
- **Understand your monthly instalments** - Never buy on credit without knowing if you can afford the monthly instalments. When applying for credit make sure you understand the pre-agreement statement and quotation that indicates how much you will pay every month and what the total cost of the credit will be. Calculate the credit repayments you can afford to pay off every month and if possible, repay more than your minimum monthly instalment.
- **Never use credit to pay off other debt** – Paying off debt by using other sources of credit is the quickest way to land you in financial trouble. A debt spiral is difficult to get out of. Instead try to negotiate a better repayment deal with the credit provider.
- **Don't ignore payment notifications** – It's important to respond to contact from the credit provider in relation to late or missed payments. Remember to make sure any call, email or SMS is genuine and not from a fraudster. If you are unable to make payment due to unforeseen circumstances, call or write a letter to explain your situation and make

alternative arrangements to pay what you owe. Ignoring letters of demand or summons will have a serious negative effect on your credit score and profile.

- **Be careful of service providers offering to “fix” your credit report** – There is never any need to pay someone to change anything on your credit report. If there is information that you need to change or dispute on your report, you can do so yourself for free by contacting the credit bureaus directly.

Remember: Credit isn't additional income. Always ask yourself: “Do I really need it?”

*****ENDS*****

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