

# Why Your Credit Score Matters: Expert Insights and Tips



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Credit scores allow companies to make a quick informed decision about the likelihood of a potential customer repaying a loan or meeting monthly repayments such as on a phone or utility contract. It is not just about whether they will offer you finance, but also how much and on what terms.

The three-digit Credit Score is calculated by independent credit reporting bodies (CRBs) sourced from bank and financial institution data. Having an overdrawn bank account, multiple credit applications, missing repayments and even falling behind on your rent can all negatively impact on your credit rating. A record of conservative borrowing and meeting regular scheduled repayments can help to improve your score.

A credit report is the detail of your credit history to date whereas a credit score is simply a number which is derived from the information on your credit report. Different credit organisations may use different scoring methodologies. Credit reports usually do not show credit scores.

It's therefore a good idea to check your credit report every year. As well as affecting your ability to get credit, incorrect listings can alert you to things like identity theft. You are entitled to check your credit report for free once a year. You can obtain your report from one of the CRBs such as [Dun & Bradstreet](#), [Equifax\(Veda\)](#), [Experian](#) or [Tasmanian Collection Service](#).

If you notice a mistake on your credit report, you should contact the CRB and/or credit provider and ask for the information to be corrected.

Please note, although there are multiple sites offering 'free' related credit score services like [getcreditscore](#) be aware that they are geared towards on-selling of multiple services.

## How credit scores work in Australia

The Australian credit reporting system includes not only negative credit information on a person's credit report, but also positive ones. This greatly impacts how credit scores work and what score you'll receive on your file.

[Equifax\(Veda\)](#) score people between zero and 1,200. In Australia, the average credit score is 749, but a good score ranges between 622 and 1200.



Tips to help you improve your credit profile

- Pay your loans and bills on time – Consider setting up direct debits and scheduled loan repayments coinciding with pay day.
- Talk to your creditors before if you are having trouble meeting repayments
- Track your credit commitments – Do your homework before applying for credit and keep track of repayments. Making several applications within a short space of time will be recorded on your file and may reflect poorly as it could be interpreted as a sign you're in credit stress.
- If you move house, notify lenders – advise lenders, phone and utility providers of your new address so they can re-direct bills. Overdue payments could be listed on your credit report.

The information contained on this webpage is general in nature and does not consider your personal objectives, financial situation or needs. Therefore, you should consider whether the information is appropriate to your circumstance before acting on it, and where appropriate, seek professional advice from a finance professional such as an adviser.

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