

Are you a credit risk?

Know how you are viewed by credit providers

Being aware of your credit rating and how your personal financial information is analysed and represented is not often seen as a priority for many. However, Colin Habberton, CEO of PayProp Capital warns that this could prove to be a detrimental short coming.

It is standard practice for registered credit bureaux to collect, verify and evaluate an individual's financial information. "Whenever a consumer applies for credit whether it is to open a clothing account, purchase a car or to rent a property a credit check will usually be done," says Habberton. In September 2014 PayProp introduced a product specifically designed for the rental industry, the Tenant Assessment Report. This report forms part of the screening of an application for a tenancy and sets out personal and financial information as well as an analysis relating to the tenant.

Habberton advises consumers to proactively become aware of their credit rating. "PayProp agents are able to access their tenants Tenant Assessment Reports and share them with their tenants and landlords. By doing this they are able to view their current level of debt relative to their income and how this relates to their application for rent and the monthly rental instalment required." The report provides a detailed view of a tenant's level of financial risk to the rental agent and landlord.

By prospective tenants taking responsibility for their credit rating, their financial history through seeing the results of their Tenant Assessment Report they are not only able to understand their risk profile and how the service provider will view them but they can actively work on improving their financial status and become more empowered regarding their financial circumstances.

Habberton provides tenants with the following tips to improving their Tenant Assessment Report results:

- An individual should have at least 1, preferably 2 active credit accounts
- Ensure that all accounts are constantly kept in good standing
- Ensure that accounts do not run in arrears – instalments should be paid timeously and consistently
- Ensure that your level of indebtedness – the difference between what you owe and what you earn - is managed and improved. In short, spend less and save more.
- Avoid having too many accounts. The Tenant Assessment Report provides a list of credit applications and a long list can suggest that you dependent on credit.

“Performing a credit check on a potential tenant has become a norm,” says Habberton, “It is important to remember that as a tenant you need to give your consent for the credit check to be run and for the agent to share your results with the landlord.” Habberton concludes “A tenant’s credit information belongs to them and they should request copies of the checks that are performed on them to understand their financial situation, especially if the tenant pays a fee for a rental application.”

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