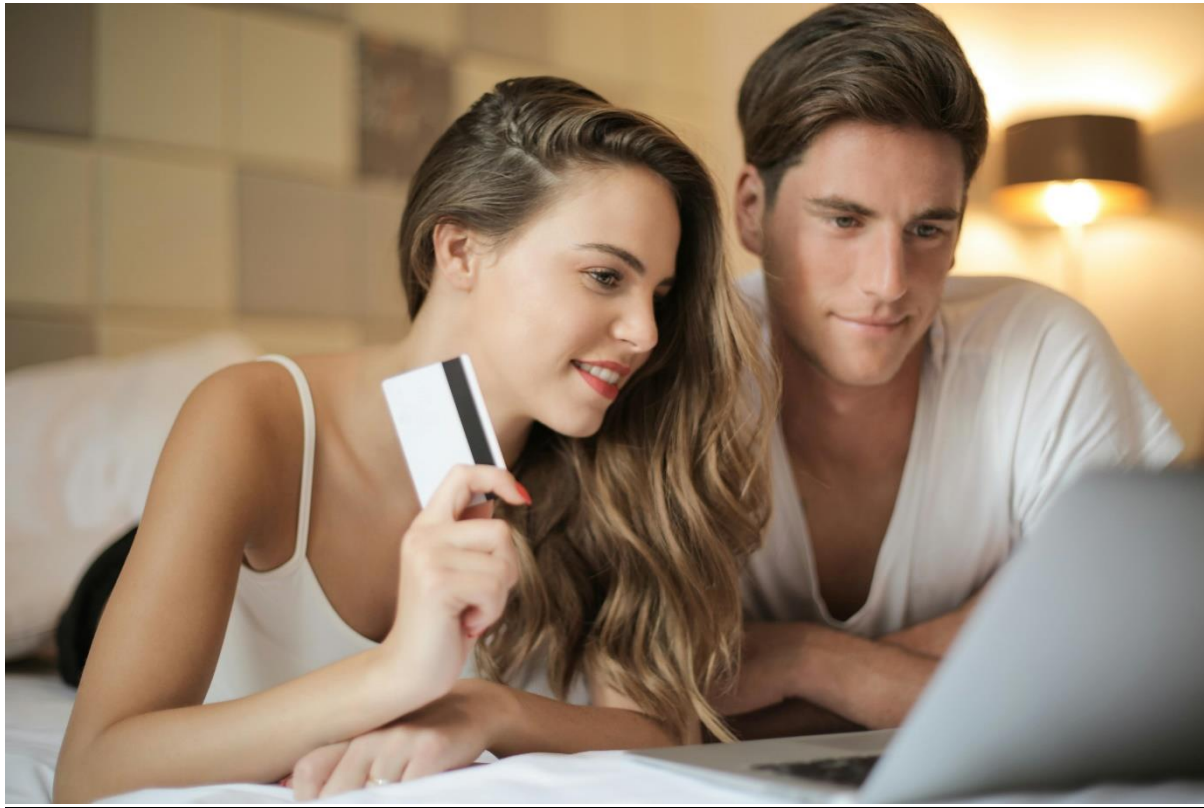


Mortgages and Credit Scores



How to Improve Your Credit Score Before Applying for a Mortgage.

When it comes to securing a mortgage for your property, your credit score plays a pivotal role. A higher credit score not only increases your chances of loan approval but also helps you achieve better interest rates.

What is a credit score? It's a prediction of your credit behaviour, such as how likely you are to pay it back on time, based on your credit history. Essentially, it's predicting how likely you are to pay back the money which you borrow, on time.

Having a good credit score can not only help you qualify for a mortgage, but also other products such as loans, credit cards, or rental properties.

To help get the best mortgage for you, mortgage brokers are available to help you with this stressful process.

Here are some main points to consider:

- *Register to vote* – You need to be registered on the electoral roll in order for lenders to confirm your address. This registration assists lenders in tracking your credit history. If you are not registered, it may pose a challenge and

potentially hinder the lender from accessing sufficient information to proceed with your application.

- *Making regular payments with a credit card on time* - Missing a payment, or paying it late can have a negative impact on your credit report. Accounts that are managed well, will usually improve your score.
It's good to start using a credit card to pay for daily expenses such as your lunch, shopping, or fuel and pay it back fully at the end of each month. The swift payment will be reported by your card provider and this will wave a big green flag to the credit agencies.
- *Get rid of 'cards collecting dust'* – Beware if you possess a handful of unused store and credit cards in your wallet. This could be a turn-off to potential lenders as they may think you will use all that credit later, then struggle to pay it off. So, you don't need to close all of your credit accounts, just the ones that aren't in use.
- *Don't max out* – If you spend the max limit of the card, it will shine a bad light on your score. If you keep your credit utilization (the percentage you use of your credit limit) low, it will increase your credit score. It will show you can take care of and control your credit.
- *Aim to pay more than the minimum amount* – Strive to pay off a larger portion each month to enhance your credit score. Paying only the minimum may give lenders the impression that you are struggling with your debts, which could negatively impact your credit rating.
- *Check for any mistakes or fraudulent activity* – If you spot any small mistake, contact the provider directly, as soon as possible and ask them to update it. Same goes for seeing something that you don't recognise – fraudsters can take out credit in your name without you being aware.
- *Be cautious when requesting new credit* - When requesting new credit, companies conduct hard credit checks which impact your credit history. Applying for multiple loans may raise concerns about repayment ability, especially before a mortgage application. Waiting six months between applications shows responsible repayment behaviour.

Written by Vicky Wojslaw

Summer Sky Investments Ltd.

[Mortgages are our speciality!](#)