DIY CREDIT REPORTS

By **David Lawrenson**

Did you know that there was a way for tenant applicants to get hold of their own detailed credit reports and send them to you? Neither did I until recently.

As a landlord operating directly, without the help of a letting agent, for years I have used the credit check facility provided by the National Residential Landlords Association (NRLA). The cost of this is £12 per tenant applicant (with the discount for NRLA members), and you pay £1 more for each additional address you give them to search on.

Recently, however, a mortgage broker friend told me about another facility that is much better, provides the same information – and more of it – and is completely free of charge. It is from a firm called CheckMyFile (checkmyfile.com).

What's so good about it?

Well, it gives the same information as that provided by the credit agency used by the NRLA. With this, you get a credit score, it tells you if the applicant is found at the addresses they gave you, whether they are on the electoral roll there, and finds any linked addresses, which you can then ask the applicant about. It also tells you whether there are any county court judgements outstanding, and gives you an overall credit score for each applicant – called a Guage Score – with an explanation of what that score means in terms of probability of default. Of course, other providers offer similar basic credit checks.

The CheckMyFile facility gives you all the same information as the NRLA one, but there is much more to it too. In addition, it lists every single financial relationship a person has, including things like telecom providers, payment of utility bills etc., as well as itemising all the checks (or footprints) recently carried out on their credit file.

It also shows the total amount of loans outstanding. I find this very useful, because often we see payments going out for loans on applicants' bank statements, but we don't know how much debt they have outstanding in total, across all providers.

Finally, it shows whether a person has made all the payments to any provider they have had a relationship within the past year – and whether they were on time – for each month.

CheckMyFile checks all the credit agencies, not just one of them, which is also good to know. It is comprehensive. The amount of information the credit companies have on you on these files is truly staggering.

You can use CheckMyFile to get a full report on yourself. I am sure it comes as a shock to many people that every single payment they make for everything gets recorded. Big Brother is truly watching you. (If you don't want to be in the system, the only way is to use cash more – but that, of course, will give you a worse credit score).

You cannot apply for a tenant, however. They must apply for and get their own report, which they can save to a file and send on to you. To get this, they must pay via credit card, but it can still be free. This is what you can ask them to do...

- First, ask your prospective tenant to go onto the Internet and sign into "CheckMyFile".

- This will involve them putting in their card details (monthly subscription is £14, though it can vary). However, if they cancel within 28 days, they will avoid any ongoing subscription completely – which effectively means they get their report free of charge. If they don't fully sign on, they cannot get the full report.

- They will be able to see all their credit details too, and there will be an option for them to access "full report" or select "download the full report".

- They can then save it as a PDF file and email it to you. (Make sure they save it as a PDF, though, or it won't come out right.)

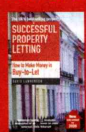
What is great about this is that it puts the onus on tenants to provide a very detailed report to you, and you don't have to go to the trouble of entering the data and paying for what is a much balder report yourself. And, of course, it is free to the tenant applicant if they cancel the auto monthly credit collection.

The added benefit to the tenant applicant is that they can use it to show to any landlord or letting agent of any property they are applying for.

When I did it for myself, it only took about four minutes to do, and the report produced was very clear and well laid out.

So, going forward, I may use CheckMyFile more, and simply ask tenant applicants to get their own report, for free – and on their own time – and send it to me.

David Lawrenson is the founder of LettingFocus.com and an independent expert and consultant in residential property investment. He specialises in providing independent advice on BTL and property investments. Contact him at david@lettingfocus.com



He is the author of two books: *"Successful Property Letting - How to Make Money in Buy to Let"*, and *"Buy to Let Landlords Guide to Finding Great Tenants"*.