

Credit Reporting Info Sheet 3 : What is credit?

Credit isn't just about borrowing money: power and phone companies also give credit

Information on whether you paid your credit card, mortgage, car finance and HP will end up on your credit report - but so too might your payment history for power and phone accounts

Information about your credit ends up on your credit report – so what is credit?

Obviously credit includes borrowing money. This is sometimes called “financial credit” and covers things like money obtained through credit cards, bank loans and mortgages.

However, information on non-financial credit also ends up on credit reports. This covers contracts, arrangements or understandings to provide property or services before payment. A few examples:

- You stay the night in a hotel but are only asked to pay as you leave in the morning.
- A plumber fixes your pipes and invoices you later.
- Your utility company allows you to pay for your electricity or gas after it has been consumed.
- Your telecommunications provider bills you for calls or internet usage after the end of each month.

The credit reporting system is used by both financial and non-financial credit providers. Both types of credit providers may obtain credit reports on individuals before extending credit and list defaults where individuals have failed to repay a loan or meet their bills.

In addition to defaults, credit reports may also include information about your current credit accounts and whether you've met your repayments on those accounts.⁽¹⁾ Most of that credit account information relates to financial credit such as credit cards and loans. However, certain non-financial credit accounts may also be listed including those maintained by electricity and gas retailers and telecommunication service providers.

This means that whether you pay your power, gas, telephone or mobile accounts on time may be reflected on your credit report and form part of a credit score that is used by credit providers when deciding to give you credit.

