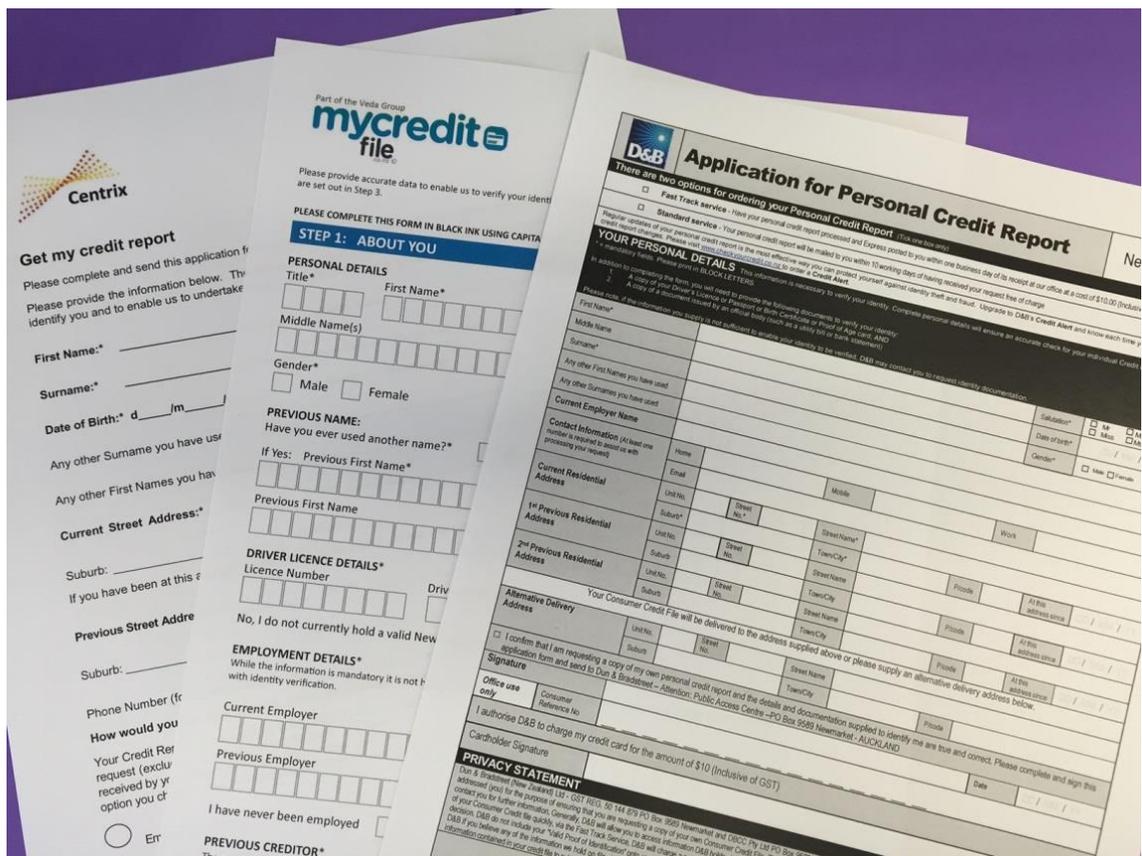


# SPOT CHECKS ON CREDIT REPORTER COMPLIANCE WITH ACCESS REQUIREMENTS

June – October 2015



The image shows a stack of three forms. The top form is a Centrix 'Get my credit report' form, which includes fields for First Name, Surname, Date of Birth, and Current Street Address. The middle form is a 'mycredit file' form, which includes fields for Title, First Name, Middle Name, Gender, and Previous Name. The bottom form is a D&B 'Application for Personal Credit Report' form, which includes fields for First Name, Surname, Current Employer Name, and various residential addresses. The forms are partially overlapping and show various fields and instructions for completion.

# SPOT CHECKS ON CREDIT REPORTER COMPLIANCE WITH ACCESS REQUIREMENTS

## Introduction

In late 2015, the Office of the Privacy Commissioner (OPC) conducted a spot check on the three national consumer credit reporting companies that comprise the credit reporting industry. The spot check tested credit reporter practice for giving individuals access to their credit information.

The spot check was conducted by a 'mystery shopping' type process. To do this, we arranged through a contractor for a number of people to seek their own credit reports and report on their experience.

OPC arranged 30 access requests to be made from the three national consumer credit reporters.

The project found that:

- Two of the three national consumer credit reporters failed to respond to at least two access requests
- One credit reporter provided credit reports significantly faster than the other two credit reporters
- One credit reporter's credit reports did not include a required written transcript for codified repayment information

## Background and context

Broadly speaking, the Credit Reporting Privacy Code 2004 (the Code) gives people the right to see the reports that credit reporters hold about them. It also gives people the right to see their information quickly, and to see it for free.

The Code does allow credit reporters to charge up to \$10 for an expedited report within 5 working days (clause 7) but it also requires credit reporters to provide credit reports for free as quickly as practicable.

The spot check tested whether credit reporters complied with access rules and limits on charging.

## Methodology

We collected data contained in this report through a contractor who recruited people to request their own credit reports from each of the three national consumer credit reporters – Centrix, Dun and Bradstreet and Veda. Each person then answered various questions about their report, such as whether they received it and how long it took to arrive.

Each person was instructed to request their credit information through either an online or offline channel. Online requests involved an application form submitted through the credit reporter's website, and offline requests included phone requests, personal visits to the credit reporter, application forms sent by post and letters sent by post.

Roughly half of the people approached the three national consumer credit reporters through online channels, while the other half approached through offline channels.

Credit reporter	Requests made	Online requests	Offline requests
<b>Centrix</b>	28	13	15
<b>Dun and Bradstreet</b>	28	12	16
<b>Veda</b>	27	12	15

This report focusses exclusively on the information obtained from the people who participated in spot checks.

### Findings

Credit reporter	Requests made	Responses received	Reports received
<b>Centrix</b>	28	28	26
<b>Dun and Bradstreet</b>	28	25	22
<b>Veda</b>	27	24	21

Centrix provided a response to all access requests while Dun and Bradstreet and Veda failed to respond to two or more offline requests.

Usually responding to an access request would include a credit report but in several cases credit reporters responded asking people to complete an online or paper application.

### Online requests

Credit reporter	Requests made	Responses received	Reports received
<b>Centrix</b>	13	13	13
<b>Dun and Bradstreet</b>	12	12	12
<b>Veda</b>	12	12	12

All online requests received credit reports from all the three national consumer credit reporters.

### Offline requests

Credit reporter	Requests made	Responses received	Reports received	Notes on reports not received
<b>Centrix</b>	15	15	13	Centrix responded to a letter and a telephone advising that requests must be made online.
<b>Dun and Bradstreet</b>	16	12	10	Dun and Bradstreet advised 3 telephone requesters to complete online applications or offered to send forms. 3 letter and postal requests did not receive a response.
<b>Veda</b>	14	12	8	Veda advised 3 telephone requesters to complete online applications. A letter request received a form to be completed. 2 postal requests did not receive a response.

Neither the Code nor the Privacy Act 1993 specify that information has to be requested in a specific way. This means that credit reporters must appropriately process the requests they receive, regardless of how the requests are made.

While there can be clear benefits from providing an online request service (particularly in terms of timeliness) not every individual will have online access, or will be willing to make their request online.

As such, credit reporters must ensure they have appropriate processes in place for dealing with requests made through offline channels.

Feedback given by people participating in this spot check mentioned the need for credit reporters to provide information on how to make offline access requests.

### Access time

The Code requires credit reporters to give individuals their credit reports as quickly as practicable, and within 20 working days. The 20 working days is a maximum, not a minimum. If credit reporters can deliver credit information in fewer than 20 working days, they are required to do so.

There were significant differences between each credit reporter’s average amount of time taken to provide people with their credit reports.

Centrix provided credit reports the fastest, across both online and offline channels. Veda took the longest to provide the credit reports, across both online and offline channels.

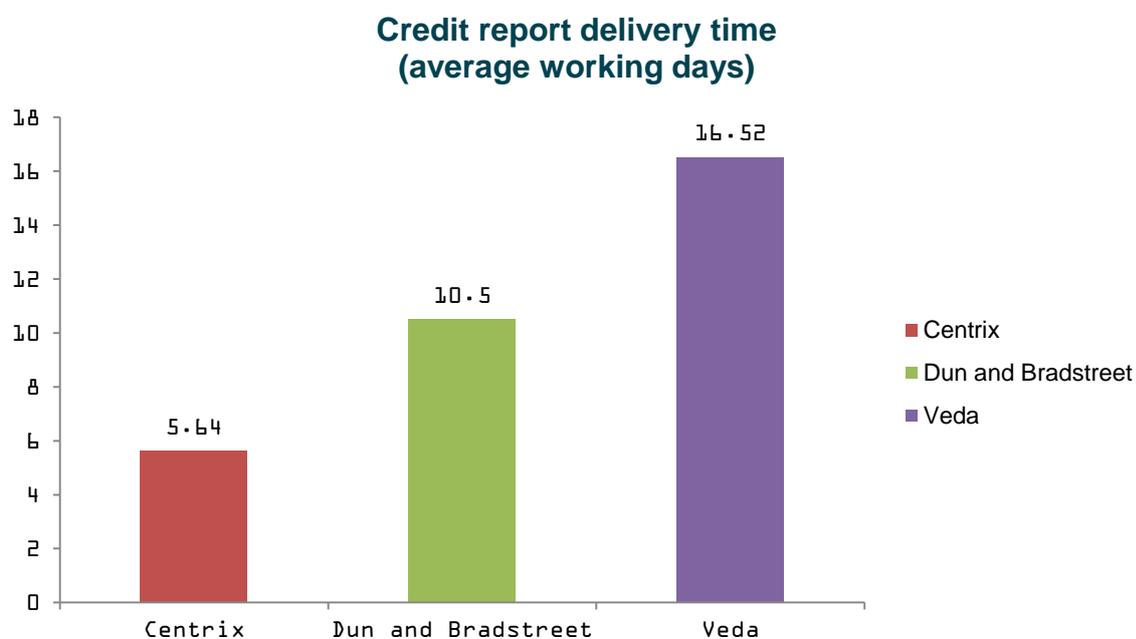


Diagram 1: Credit report delivery time

There was also a discrepancy between channels within credit reporters.

Credit reporter	Online channel delivery time (working days)	Offline channel delivery time (working days)
Centrix	5.07	6.61
Dun and Bradstreet	8.25	14.33
Veda	17.1	15.7

### Delivery time per channel (working days)

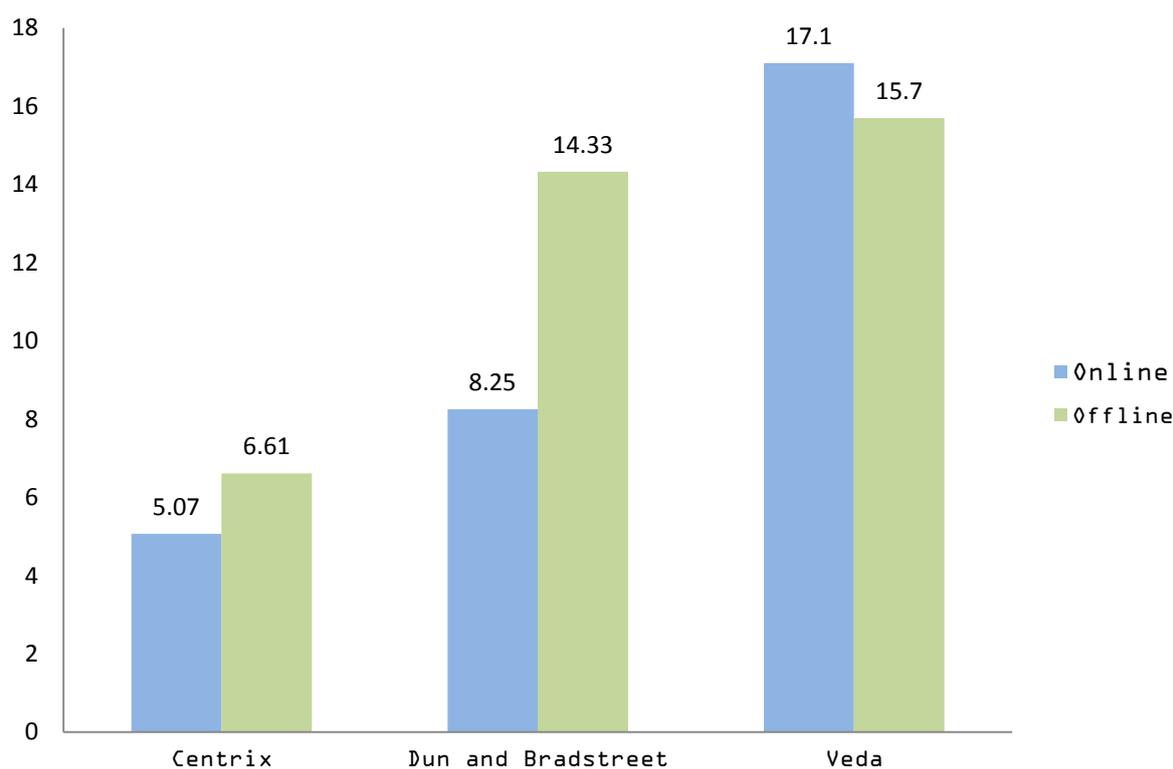


Diagram 2: Delivery time per channel

The diagram shows that while there was a discrepancy between the online and offline channels for each credit reporter, there was no clear pattern characterising all three credit reporters. Centrix was generally faster than the other two, while Veda was generally slower than the other two. Dun and Bradstreet had the greatest difference between the online and offline channels.

### Charging

Credit reporters can charge up to \$10 to provide expedited reports within 5 working days. All three national consumer credit reporters complied with this part of the Code. Dun and Bradstreet and Veda both offered expedited reports for \$10 or less. Centrix offered all reports for free.

This is excellent practice on Centrix's part, as the Privacy Act calls for agencies to provide information as quickly as practicable. The \$10 charge is a tool that credit reporters can use, but Centrix is setting the standard by providing information quickly for no charge.

### Written transcripts

The Privacy Act requires agencies to provide a written transcript for codified repayment information. This written transcript puts repayment information in context.

Veda and Dun and Bradstreet both provide written transcripts alongside repayment history. In spot checks Centrix did not provide a transcript and on those occasions did not meet the requirement of the Privacy Act (see Appendix for excerpts of reports from each credit reporter).

## Conclusion

This spot check found a number of issues that credit reporters should investigate and address:

- Two of three national consumer credit reporters failed to respond to 2 offline access requests. Credit reporters need to make sure they respond to all access requests, regardless of whether they are online or offline.
- Centrix with an average of 5.64 working days delivery time provided reports significantly faster than Dun and Bradstreet and Veda.
- Centrix's credit reports did not include a written transcript while Dun and Bradstreet and Veda did. We've been advised that Centrix since October 2015 has been providing a written transcript of codified repayment information.

The Office of the Privacy Commissioner may carry out more spot checks in the future.

## APPENDIX – REPORT EXCERPTS

These report excerpts show how each credit reporter is treating written transcripts alongside repayment histories. Veda and Dun and Bradstreet both attach transcripts to repayment histories. Centrix does not.

### Centrix report excerpt

<b>Account Reference:</b> [REDACTED]		<b>Supplier:</b> ASB Bank Ltd																										
Jul	Jun	May	Apr	Mar	Feb	2015		Jan	Dec	Nov	Oct	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	2014		Jan	Dec	Nov	Oct	Sep	2013	Aug
U	U	U	U	U	U	U	U	U	U	U	U	U	U	U	U	U	U	U	U	U	U	U	U	U	U	U	U	U
<b>Account Type:</b>	Credit Card	<b>Term:</b>	XXX																									
<b>Account Status:</b>	Active	<b>Credit Limit:</b>	\$500																									
<b>Last Account Status Change:</b>	01/09/2012	<b>Credit Type:</b>	Unspecified																									
<b>Industry Type:</b>	Bank	<b>Commercial/Consumer Credit:</b>	Consumer																									
<b>Customer Start Date:</b>	03/09/2012	<b>Secured Credit Type:</b>	Unsecured																									
<b>Customer Closed Date:</b>		<b>Payment Frequency:</b>	Variable Repayment Plan																									
<b>Account Relationship:</b>	Joint	<b>Payment Type:</b>	Principal and Interest																									

<b>Account Reference:</b> [REDACTED]		<b>Supplier:</b> Kiwibank																										
Jul	Jun	May	Apr	Mar	Feb	2015		Jan	Dec	Nov	Oct	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	2014		Jan	Dec	Nov	Oct	Sep	2013	Aug
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Account Type:</b>	Overdraft	<b>Term:</b>	XXX																									
<b>Account Status:</b>	Closed	<b>Credit Limit:</b>	\$1,000																									
<b>Last Account Status Change:</b>	14/07/2015	<b>Credit Type:</b>	Revolving																									
<b>Industry Type:</b>	Finance Services	<b>Commercial/Consumer Credit:</b>	Consumer																									
<b>Customer Start Date:</b>	19/04/2010	<b>Secured Credit Type:</b>	Unsecured																									
<b>Customer Closed Date:</b>	14/07/2015	<b>Payment Frequency:</b>	No Repayment required																									
<b>Account Relationship:</b>	Individual	<b>Payment Type:</b>	Other																									

## Veda report excerpt

### 24 Month Payment History

#### Key: Account Status & Repayment History

Inactive (no utilisation)	Account has been deactivated
Active	Account is open
Suspended	Account is suspended. This may be for a variety of reasons
Scheme of Arrangement	An agreement between the Credit Provider and the Account holder (and other creditors)
Debt Sold	Where a Credit Provider has sold the debt to another company who will attempt to recover the money owed
Hardship	Hardship is any situation where a customer has asked for and the Credit Provider has agreed to, temporary relief from the terms of a credit contract due to being unable to meet that financial commitment
External Debt Collector	An external company is working to recover money owed to the Credit Provider

N	No payment Due/Required
0	Payments up-to-date as at the cycle date Overdraft with limit agreed
1	Payments 1-29 days in arrears
2	Payments 30-59 days in arrears
3	Payments 60-89 days in arrears
4	Payments 90-119 days in arrears
5	Payments 120-149 days in arrears
6	Payments 150-179 days in arrears
X	Payments 180+ days in arrears
H	Customer in Hardship
R	Account has been re-aged by credit provider

Closed	No further credit available and no remaining outstanding balance. Credit is terminated or otherwise ceases to be in force
Involuntarily	
Closed	Account is closed

U	No update received by end of period
-	Awaiting update for this period
	Status not available

Creditor:	KIWIBANK LIMITED	Account Status:	Closed
Creditor Type:	Finance Services	Opened date:	19/04/2010
Product type:	Overdraft	Closed Date:	14/07/2015
Account Number:	[REDACTED]	Last Update:	20/07/2015
Account Limit:	\$1,000	Responsibility:	Individual
Pay frequency:	No Repayment required	Identity:	[REDACTED]

2015					2014					2013														
Q3	Q2		Q1		Q4		Q3		Q2		Q1		Q4		Q3									
Jul	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sep	Aug	
0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

## Dun and Bradstreet report excerpt

### Repayment History

Account ID	2015							2014							2013									
	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sep	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sep	Aug	Jul
██████████	0	0	0	0	0	0	0	0	0	U	0	0	0	0	0	0	0	0	0	0	0	0	0	0

### Repayment History Definitions

0	Current	X	180+ days past due
1	1-29 days past due	H	Hardship
2	30-59 days past due	S	Under Suppression
3	60-89 days past due	U	Other (Unreported/Unavailable)
4	90-119 days past due	R	Re-aged
5	120-149 days past due	N	No payment required
6	150-179 days past due		



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