

## **YOUR CREDIT DECISIONS EXPLAINED**

### **ASSESSING APPLICANTS FOR CREDIT**

As responsible lenders we take into account our applicants' personal circumstances to establish the appropriate level of credit to grant. To help us to do this, applicants may be assessed using a process called credit scoring.

### **HOW DOES CREDIT SCORING WORK?**

A credit scoring system takes into account information provided directly by customers and any information obtained from credit reference agencies. The credit scoring system allocates points for each piece of relevant information and adds these up to produce a score. The points applied are based on our thorough analysis of a large number of account repayment histories over many years of providing credit. This has shown that credit scoring produces more consistent decisions and enables applicants to be treated fairly. Sometimes independent scores are calculated by credit reference agencies and we may use these in our assessment. Every application for credit involves a certain level of repayment risk for the lender no matter how reliable or responsible an applicant is. Credit scoring calculates for us the level of risk for each applicant based on the information we have obtained about the applicant. If the level of risk exceeds our accepted business risk level, we will not accept the application. This does not mean that any declined applicant is a bad payer. It simply means that based on the information available to us, we are not prepared to take the risk of granting credit to that applicant. Additionally, we may have other specific policy rules that determine whether we will lend. These reflect our commercial experience and requirements. Lenders have different lending policies and scoring systems, and so applications may be assessed differently by different lenders. This means that one lender may accept your application but another may not.

### **IS CREDIT SCORING FAIR?**

We believe that credit scoring is fair and impartial. It does not single out a specific piece of information as the reason for declining an application. Our techniques are also regularly reviewed to make certain that they continue to be responsible and reasonable. Responsible lending is essential for the good of both applicants and lenders. Credit scoring is considered to be an aid to this.

### **DATA POLICY**

The Privacy Commission regulates the processing of data and its use in New Zealand. Before granting credit and as authorised, searches of external information databases or credit reference agencies normally occur. This necessitates the disclosure of details from your application to the agency. As a result, other lenders may have access to this information. As authorised we may disclose your information for the provision of further goods or services, or for market research. We may use telephone, letter, email or other reasonable means of communication to offer this to you. You have the right to ask for a copy of the information we hold on you and to have any inaccuracies corrected.

## WHAT TYPE OF INFORMATION DOES A CREDIT REFERENCE AGENCY HOLD?

Credit reference agencies hold different types of information, and some will be relevant to your application. For instance, they hold details of who has court judgements, debt collections, account performance, number of credit enquiries and bankruptcies. Applicants with judgements, collections, defaults or a bankruptcy may find credit difficult to obtain.

## APPEALS

Any decision we have made has been made carefully based on the information we have obtained. If you believe that this information is incorrect or you feel that additional details may be of assistance, please write to us at the following address:

*Columbus Financial Services Limited*  
Private Bag 94013,  
Auckland 2241

## CONTACT US

Call us: 0800 500 450 or + 64 9 580 7365 within our standard business hours

Email: [enquiries@flightcentremastercard.co.nz](mailto:enquiries@flightcentremastercard.co.nz)