

# **Third Party Data**

## **Business Requirements Specification**

**Prepared by Third Party Data Working Party**

**Distribution:**

British Bankers Association  
Consumer Credit Trade Association  
Council of Mortgage Lenders  
Finance and Leasing Association  
Mail Order Traders' Association  
Callcredit plc  
Equifax Plc  
Experian Ltd  
The Office of the Information Commissioner

## Document Status

### Release history

Version	Description	Date
1	Draft	1 December 2000
2	Draft (updated flowcharts)	4 December 2000
3	Draft to Trade Associations	6 December 2000
4	Trade Association and OIC Feedback	5 January 2001
5	Working Party Comment	12 January 2001
6	OIC for Comment	18 January 2001
7	Incorporating OIC comments	07 February 2001
8	Issued	01 March 2001
9	Incorporating points of clarification, updating contact list.	24 October 2001

# Contents

Changes from Version 8	4
1. Introduction by the Data Protection Commissioner	6
2. Executive Summary	7
3. Foreword	9
4. Background to the Third Party Data Consultation	11
5. Proposals in Summary	13
6. Business Processes	28
7. Timetable and Actions	48
8. Issues to be Resolved and Implementation Considerations	49
Appendices	
A: Glossary of Terms	50
B: Proposals in Full	52
C: Contacts	78

## **Amendments/clarification to Business Requirements Specification (Version 8 issued 1 March 2001)**

### **1 Data to be returned on a consumer file when an association has been registered.** (Section 5.3.2 and Appendix III)

There is an inconsistency between the two sections on what should be reported on the credit file in respect of a search created by the associate. Appendix III is correct in that only the following information will be shown:

- name of lender
- date of search
- name of associate.

No information will be shown on the product.

4<sup>th</sup> bullet point. Amend “...and will show minimal information on the product, organisation, and date (i.e. no amounts.)” to “... and will show minimal information as per Appendix III.”

### **2 Opt out to joint applications.**

(Section 6.1 Credit Application Process. Box A – Application Consent Clauses and Declarations)

Delete “The opt out is not available on joint applications.”

Insert: “Joint Applications: As it is possible to be financially associated with more than one individual, if the opt out is selected it will only be effective in respect of associates who are not party to the application.”

### **3 Associations.**

(Section 6.1 Credit Application Process. Box B – Application Data Supplied to the Bureaux).

Remove the reference to a ‘flag’ in relation to transient associations.

Amend: “Whether an association flag is to be registered. (Default to yes) An association flag should not be sent in circumstances where the application is not between financially associated individuals. e.g. students purchasing a fridge or entering into a TV rental agreement.”

to “Whether an association is to be registered. An association should not be created in circumstances where the application is not between financially associated individuals. e.g. students purchasing a fridge or entering into a TV rental agreement.”

(Section 6.1 Credit Application Process. Box C1 Create Associations)

Amend “The Bureaux will create associations using association flags supplied by the lender at the time of application.”

to “The Bureaux will create associations using information supplied by the lender at the time of application.”

Amend: “Need (transient) association flag (yes/no) in CAIS/Insight”

to: “Need (transient) association to be reflected in CAIS/Insight”

#### **4 Alert Review System to Identify Alias and Associate Data**

(Section 6.1 Credit Application Process. Box I)

After “(see Box K)”, add: “This functionality can also be used after application of the household override to ensure that records have been correctly attributed to the applicants and members of their household.”

#### **5 Fraud Investigation**

(Section 6.3 Fraud Prevention and ID Verification. Box F)

Penultimate paragraph starts “A special footprint will be recorded by the bureau, but not displayed to lenders. Consumers will only see this search under a Subject Access request (as opposed to a request for their Consumer file).”

Amend to “A special footprint will be recorded by the bureau, but not displayed to other lenders. The search will be visible to the lender creating the search. Consumers will only see this search under a Subject Access request (and not on a Consumer File request or where Section 29 regulations prevail)”

# 1. Foreword by the Data Protection Commissioner

I am very pleased to provide a foreword to this report.

I have expressed my concern over a number of years at the credit industry's use of "third party data". The assumption of a financial connection on the basis of shared surname and current or previous address has caused genuine embarrassment and concern to individuals. The new procedures mean that, in due course, parents and their adult children will no longer automatically be assumed to be connected financially.

The key to the proposals is respect for individual privacy. The industry recognised that the status quo was not an option. Consumer expectations, reinforced by The Data Protection Act 1998 and The Human Rights Act, meant change was imperative. Much to their credit the Working Party embarked on a thorough re-appraisal of the use of third party data.

The Working Party has put in a great deal of detailed work. I have been impressed by their constructive approach and grateful that they have kept my office fully apprised of the development of their proposals.

Besides addressing the third party data issue itself the Working Party has also focussed on measures to improve data quality across the industry. Data quality is a key issue for all those who process personal data. It is especially crucial where data from various sources is brought together and used to inform decisions which can affect individuals significantly. Errors and inconsistencies can lead to individuals being treated unfairly and cause great upset.

Finally, I must emphasise how encouraging the credit industry's initiative has been. The fact that a Working Party drawn from across the industry has come together to work so constructively sets an example for the future. Though the current Working Party has done substantial work, and, once the new procedures are fully established, will have moved the industry's data handling practices forward very significantly, I trust they will rest on their laurels but briefly. Experience shows that there are always improvements to be made and a need to keep practices and procedures under review.

## 2. Executive Summary

The Data Protection Act 1998 necessitates that the Credit Industry changes its practices in the processing of personal data relating to third parties. Third party data in this context now means anyone other than the data subject.

The trade associations representing the credit industry, together with the credit reference agencies, formed a Working Party to respond to this change. The Working Party, in consultation with the OIC, has produced this Business Specification outlining how such data may be used in future. The Business Specification should allow your credit and fraud teams to assess what changes will be required to meet the requirements of the new Act.

### **Key features of the new requirements include:**

- ⇒ An improved ability to identify and attribute first party data more accurately, through the collection of additional personal data such as forename and date of birth where this is not already done.
- ⇒ A tighter definition of the 'financial unit' using consumer supplied information.
- ⇒ A new opportunity for an individual to exercise the right to be assessed independently: the "opt-out"
- ⇒ Lenders will have an option to use household data in a limited number of cases where this may help consumers with little or no credit bureau data of their own: the "Household Override"
- ⇒ Lenders will also have an option to protect themselves against the risks associated with improper use of the opt-out by consumers, and fraud: the "Alert" process.

Lenders and credit reference agencies will have to make substantial changes to their processes and systems to meet these new requirements, and it is essential that these legislative requirements receive priority attention. The Working Party has identified the following business processes and systems which will be affected:

- ⇒ Credit applications
- ⇒ ID Verification/Fraud Prevention and Investigation
- ⇒ Customer/account management
- ⇒ Data supply to Credit Reference Agencies
- ⇒ Consumer file request
- ⇒ Credit risk screening of new prospects

The transition period allowed under the Data Protection Act 1998 expires in October 2001. It is recognised by the OIC that it is unlikely that all lenders will be fully compliant with the proposals by this date. However, by October 2001, all lenders are required to

have made certain changes and have concrete plans for the work required to be fully compliant with the proposals. It should be noted that consumers may still be successful in recovering damages from your organisation after October 2001 if they are wrongly declined for credit through the use of third party data.



## 3. Foreword

This business specification is primarily aimed at users of consumer CRA data, but specifically:

- Credit Managers
- Fraud Managers
- Credit Reference Relationship Managers within lending organisations
- CRA Business Managers

It has been produced by a small sub-group of the Third Party Data Working Party supplemented by “experts” from the Credit Reference Agencies.

It has been created from the Third Party Data Working Party proposals discussed and agreed with a team from the Office of the Information Commissioner.

Its purpose is two fold:

Firstly to provide client organisations of the credit reference agencies with a succinct description of the impact that the proposals will have on the bureau/client business processes, whether it will be from the perspective of their customer or the agency.

Secondly, it will enable the business managers of the credit reference agencies to design their internal and client facing systems and processes so that they are compliant with the proposals.

It is anticipated that the CRA clients will use this document to review their own customer and CRA systems and processes so that on receipt of a specific CRA requirement specification, they are able to align internal developments for changes to internal systems.

Change will be required by all lenders, whether or not the opportunity to use third party data is exercised. This document also details the mandatory data and input requirements.

### **Document Structure**

Section 5 considers each proposal, broken down into features of the proposal. It also identifies the business process impacted.

The business processes are documented in Section 6. A flowchart summarises the process from beginning to end. Each component of the flowchart is expanded upon to show the requirements affecting each part of the process.

Section 7 highlights the action required by users of third party data supplied by the bureau, and the timescales to ensure compliance with the proposals.

This is followed by a section looking at issues still to be resolved and other implementation issues.

## **4. Background to Third Party Data Consultation**

### **The Importance of Third Party Data**

As part of the process of underwriting a consumer's application, financial service providers utilise the facilities of the UK Credit Reference Agencies. This supplies the financial service provider with reliable credit data from other financial institutions, which relates to the consumer and their financial unit. The information supplied provides independent confirmation of the consumer's previous ability, willingness and attitude towards meeting the commitments of their financial unit. This process reduces requirements to obtain references from employers and other financial services providers used by the consumer or to require family guarantors. It provides a fuller picture of the financial standing of the applicant and the financial unit of which they are a part.

Electoral Roll information is also used within the credit assessment process. This information relates to the address and provides a valuable crosscheck to ensure that the correct address has been identified and all names have been correctly attributed to the subject or their financial unit

When consumers seek financial services, they provide information on their financial position. Joint applications for financial services are commonplace. Typically one of the two parties takes responsibility for the investigation of and application for suitable facilities. With applications possible via telephone, over the internet, digital TV and via third parties, both applicants are not always present at the point that the application is made. One applicant therefore often provides information on behalf of their partner/spouse in his/her absence.

### **1992 Tribunal**

Access to Third Party Data, within the closed user groups, was the subject of Enforcement Action against the Credit Reference Agencies, by the then Data Protection Registrar in 1990. One of the cornerstones of the Industry case at the Tribunal was that individuals do not exist in isolation and that their credit behaviour, or misbehaviour, usually has an effect on the finances of the whole household. Prior to enforcement action all the data at an address was returned whether there were grounds to assume a family or financial link or not. Enforcement Action was taken in an attempt to define the data to be returned on a personal search.

The outcome resulted in withdrawal of access to shared payment history data that appeared to be unrelated to the applicant or their financial unit. Data that related to other members of the household with the same surname or where they lived as part of the same family within the household could continue to be extracted.

A new facility was introduced to provide the consumer with some protection in the event that two parties are no longer financially linked. This new 'disassociation' facility then enabled individuals to formally disassociate themselves financially from others at their address(es), and have this fact recorded on the Credit Reference Agencies' files. This formal process provides protection for individuals that are no longer financially connected, but also those that coincidentally share a common surname.

The view of the Tribunal was that its (wider) ruling was fair to borrowers and to lenders as a whole, whilst considering the interests of all individuals.

### **What is different now?**

The 1998 Data Protection Act necessitated a review of the Credit Industry's use of Third Party Data under the principles of fair obtaining and processing.

The Data Protection Commissioner also stressed that, in her opinion, UK third party data practices were out of step with the rest of Europe - and were no longer in line with the expectations of the public regarding personal privacy.

### **Working Party**

In the summer of 1999 a number of credit industry representatives started to look at the impact of the possible loss of this data and had preliminary discussions with the Data Protection Commissioner. As a result a specialist working party was set up and mandated by the Trade Associations. Their objective was to look, in depth, into the methods used within the credit industry and estimate the impact upon both the consumer and on the industry practices.

The Working Party has credit industry representatives from the following:

- BBA – British Bankers' Association
- CCTA – Consumer Credit Trade Association
- CML – Council of Mortgage Lenders
- FLA – Finance and Leasing Association
- MOTA – Mail Order Traders Association

Expert advice and input has also been provided by Experian and Equifax, the two Credit Reference Agencies supplying personal data in the UK. Since August 2001, Callcredit, a new credit reference agency, have also provided input to the Working Party.

# 5 Proposals in Summary

## Features and Business Processes Affected

### 1 Individual retains the right to make joint application on behalf of their partner

#### A. Features

- Joint application
- Sole person supplies consent
- Declaration on behalf of third party by applicant – new declaration
- Cancel disputed searches
- Proof of the declaration to be available from CRA user
- Notification to all parties at time of accept decision. The existing notification process for declined applications will continue, as per the Guide to Credit Scoring.
- Create permanent association from credit applications if both applicants are advised or if the applicants reside at the same address. In all other cases, an association will not be created and the ‘transient’ flag will need to be set.
- CRA file – all searches recorded.

#### B. Business Processes Impacted

- Credit Applications
- Data Supply
- Consumer file
- Fraud / ID

## **2 Identity verification and fraud checks**

### **2.1 Footprints (ID Checking)**

#### **A. Features**

- No visible footprint to CRA user on a credit search
- Footprint will be on consumer credit file
- CRA user identifies type of search
- Footprint will show on applicant and associates' consumer credit file

#### **B. Business Processes Impacted**

- Data Supply
- Consumer File
- Fraud/ID
- Management
- Credit Application

### **2.2 Access to Electoral Register**

#### **A. Features**

- Access to the full and rolling register (address), subject to RPA (Representation of the People Act 2000)
- Used in alias creation.
- Attribute to select the relevant and allowable financial information.
- May be used in its own right as a credit scorecard characteristic.
- List screening (subject to RPA)

#### **B. Business Processes Impacted**

- Credit applications
- ID/Fraud Prevention and Investigation
- Customer/account management
- Data supply to Credit Reference Agencies
- Consumer file
- Credit risk screening of new prospects

## **2.3 Access to Public and Consumer Account Records - The ALERT**

### **A. Features**

- The Alert will be triggered by a scorecard and/or set of rules for any of the following material purposes:
  - To create aliases and/or attribute apparent third party data to first person or associate.
  - To check the opt out is valid
  - To identify potential fraud
- Can be bureau or in-house and is optional. For in-house systems, the following conditions will apply:
  - The bureau will incorporate compliance conditions within their client contracts.
  - There will be audit trails within client systems to ensure compliant use.
  - The bureaux will supply the OIC with names of clients who operate in-house systems.
  - This is only available in an automated environment.
- The bureau data returned to create the alert can be any material (as defined in the proposals) data at current, previous and linked addresses. (All relevant data at the linked address can be used if the link is in the individuals name or there is data for the individual at a linked address)
- Data includes financial and non-financial data.
- Notice of Dispute and Notice of Correction will be returned and current industry practice will be adopted.
- Cannot decline automatically except for associated data (except if Notice of Dispute or Notice Of Correction on associate) and when opt out is exercised.
- The Alert does not override disassociations.
- No additional footprint to the credit search.
- May lead to manual review of the data in the alert by specialists.
- Audit trail required from any manual review.
- May be used in alias creation.
- Alert will not show on the consumer file.
- No data subject access show of search.
- Promotes responsible lending.
- Linked address data may be included.

### **B. Business Processes Impacted**

- Data Supply
- Fraud/ID
- Credit Applications
- Credit Risk Screening for New Prospects
- Management

## **2.4 Access to Search Records**

See Appendix B (flowcharts)

## **3 Fraud and Money Laundering Investigations**

### **A. Features**

- Not part of general application processing but for specific fraud investigations which may be shortly after initial application processing.
- CRA User specialist team
- Auditable at organisation/individual level
- Drops from account or other information
- No 'fishing' allowed.
- Data returned is all data at an address.
- Dependent on product/portfolio, % of searches is generally estimated to be less than 2%
- No credit search recorded but an enquiry type search will only show on a subject access request.
- Current fraud consent clauses will continue to be required

### **B. Business Processes Impacted**

- Data Supply
- Consumer File
- Fraud
- Account Management
- Credit Applications



## **4 Industry plans to enhance the identification of records (Data Quality)**

### **4.1 Expansion of records**

#### **A. Features**

- Mandatory and valid fields for Credit Applications and Credit Files:
  - Title
  - Forename
  - Surname
  - Date of Birth
  - PAF or valid Post Code
  - Foreign and BFPO addresses to be identifiable as such
  
- Target Date<sup>1</sup> – October 2001
  - Credit Searches
  - CAIS/Insight – Newly opened accounts with lender after October 2001
  - New Disassociation
  - New Notice Of Disputes / Notice Of Corrections
  - Compliance with Default Guidance Note e.g. balances, flags
  
- Transitional relief<sup>2</sup>
  - Credit Search records created prior to October 2001 – October 2003 (maximum)
  - CAIS/Insight – October 2007
  - Public Data – Until further notice

#### **B. Business Processes Impacted**

- Data Supply
- Consumer File
- Fraud/ID
- Non-Credit - New applications – as for credit. Existing - longer timescales
- Credit Risk Screening for New Prospects
- Credit Applications
- Management

---

<sup>1</sup> Target dates have been agreed with ODPC, although it will not be possible for every organisation to complete implementation of all the requirements by that date.

<sup>2</sup> Transitional relief periods on data formats agreed with ODPC

## 4.2 Collection of Alias Information

### A. Features

The Industry and the OIC recommend application systems/forms request other names ever used by the applicant.

#### TYPE

- Maiden
- Previous
- Forenames
- Surnames
- Titles

#### SOURCE

- On application
- Identified through Alert
- Known alias e.g Richard/Rick
- Details of source/date
- CAIS/Insight
- Consumer file
- NODs/NOCs
- Disassociations
- Source of data retained / audit trail
- Name changes
- Consumer advises
- Public Data e.g. CCJ satisfaction

### B. Business Processes Impacted

- Data supply
- Consumer file
- Fraud
- Management
- Targeting
- Credit Applications

## **5 Financial Unit – a tighter definition**

### **A. Features**

- No assumed associations (i.e. based on name and address matching)

### **B. Business Processes Impacted**

- Data Supply
- Consumer File
- Fraud/ID
- Management
- Credit Applications
- Marketing

## **5.1 Creation of associations based on a joint account.**

### **A. Features**

- Will last until disassociation applied
- Available to all CRA users.
- Transparency through specific consent clause
- Onus is on lender to send a “transient” association flag in appropriate circumstances. e.g. students purchasing/renting a shared asset.<sup>3</sup>
- CRA develop process to algorithm out transient associations.

### **B. Business Processes Impacted**

- Data Supply
- Consumer File
- Fraud/ID
- Management
- Credit Applications
- Marketing

---

<sup>3</sup> See 1.5.2.1 for transient association flag in proposals

## **5.2 Creation of associations based on a joint search.**

### **A. Features**

- Associations created solely by a joint search prior to October 2001 will be retained until October 2007 (or until disassociation applied)
- Associations created by joint searches after October 2001 will last until disassociation applied
- Available to all CRA users.
- Transparency through specific consent clause
- Includes association created from secondary authorised user
- CRA users must maintain evidence e.g. application forms/data/system specifications/scripts.
- If challenged and no evidence is available, process cancellation of association to CRA
- Excludes guarantors unless they are a financial unit.
- Onus is on lender to send a “transient” association flag in appropriate circumstances. e.g. students purchasing/renting a shared asset.
- CRA develop process to algorithm out transient associations

### **B. Business Processes Impacted**

- Data Supply
- Consumer File
- Fraud/ID
- Management
- Credit Applications
- Marketing

## **5.3 Privacy and the opportunity to exercise the right to be treated as an individual**

### **5.3.1 Transactional Opt-out for Credit Applications**

#### **A. Features**

- Declaration required
- Opt-out flag at search and hold on search record.
- Optional use by CRA user of alert process.
- If opt out – no use of household override acceptable
- Opt out can be used as risk characteristic when proved to be predictive.
- CRA user terms of business could be:
  - automatic opt-in<sup>4</sup> (create search for associate) e.g. risk based pricing products
  - search first party only
  - consumer choice (create search for associate if opt-in)
- Opt out does not apply to behavioural and customer scoring systems<sup>5</sup>
- Opt out does not relate to lenders own data<sup>6</sup>
- Audit trail
- Organisations must not introduce the opt-out process without prior consultation with their CRA(s)

#### **B. Business Processes Impacted**

- Data Supply
- Consumer File
- Fraud/ID
- Management
- Credit Applications
- Credit Risk Screening for New Prospects

---

<sup>4</sup> Organisations should review with their legal departments whether their use of opt in only contravenes other regulations e.g. unfair contract terms.

<sup>5</sup> Associate bureau data may not be used in isolation as a policy rule to downgrade existing and advised facilities e.g. limit reduction. It may be used as part of a customer management score.

<sup>6</sup> Use of and linking of internal data must be clearly communicated at the outset with the customer. Consent must be fairly obtained.

### **5.3.2 Data to be returned on a consumer file when an association has been registered.**

#### **A. Features**

- The file contains 1st party data only plus name of the associations i.e. the individual not the data.
- Association record will also show date and source.
- The file will contain joint accounts with the parties named.
- The search on the first applicant, where the search was created by an application by the associate, will not be shown/used/recorded as a credit search against the first party and will show minimal information as per Appendix III
- The above rules apply to all data.

#### **B. Business Processes Impacted**

- Consumer File

### **5.4.1 Creation of association by consumer declaration**

#### **A. Features**

- Direct to the CRA
- Any parties to be associated must be resident at the same address.
- Joint consent required
- Verify using bureau data
- CRA procedures required to ensure genuine associations only
- Audit trail
- Valid until disassociation
- Will appear on consumer file, including date and source

#### **B. Business Processes Impacted**

- Data Supply/Management
- Consumer File
- Fraud/ID
- Management
- Credit Applications
- Credit Risk Screening for New Prospects
- Non credit applications

## **5.4.2 Creation of associations by sole consumer declaration at the time of application**

### **A. Features**

- If partner details requested by lender, declaration required to cover authority and consequences
- Must both be at the same address
- Bureau will have adequate checks
- Can be used with opt in or opt out
- Audit trail
- Valid until disassociation
- Will appear on consumer file, including date and source

### **B. Business Processes Impacted**

- Data Supply
- Consumer File
- Fraud/ID
- Management
- Credit Applications
- Credit Risk Screening for New Prospects
- Non credit applications

## **5.5 Creation of association from other records**

### **A. Features**

- Consult with OIC re new sources e.g. List of marriages.
- Audit trail
- Valid until disassociation
- Will appear on consumer file, including date and source

### **B. Business Processes Impacted**

- Data Supply
- Consumer File
- Fraud/ID
- Management
- Credit Applications
- Credit Risk Screening for New Prospects
- Non credit applications

## **5.6 Greater transparency on the consumer file for the creation of aliases and associations**

### **A. Features**

- Date and source will appear on the consumer file
- Lenders will see date and nature of source (not specific lender)
- Available until disassociation applied or alias cancelled
- Audit trail

### **B. Business Processes Impacted**

- Data Supply
- Consumer File

## **5.7 Communication and education on the creation, use and dissolution of associations**

### **A. Features**

- Change in lenders practices (front end, management and back end)
- Changes in CRA procedures
- Proactive campaign with OIC, OFT, CAB
- Target at appropriate bodies e.g. divorce lawyers, media

### **B. Business Processes Impacted**

- Consumer File

## **5.8 Greater transparency in the provision of address change information on the consumer credit file.**

### **A. Features**

- Date and source of address links will appear on the consumer file
- Lenders will see date and nature of source of address links (not specific lender)
- Audit trail

### **B. Business Processes Impacted**

- Data Supply/Management
- Consumer File



## **6 Benefiting from the family data (“Household Override”)**

### **A. Features**

- Only used when opt-in exercised
- Little or no bureau data for the applicant, where little is defined as
  - Based on financial data
  - Excludes searches and CIFAS records
  - 0 CCJs<sup>7</sup> and 0 defaults and 2 or fewer CAIS/Insight accounts in total, each with six or fewer valid status codes.
- Household override can be score and/or rule based and is optional
- Bureau or in house. For in-house systems, the following conditions will apply:
  - The bureau will incorporate compliance conditions within their client contracts.
  - There will be audit trails within client systems to ensure compliant use.
  - The bureaux will supply the OIC with names of clients who operate in-house systems.
  - This is only available in an automated environment.
- If no family data, decline decision remains
- Transactional linking of names
- Used to support declines with a view to accepting the application.
- Applicant must pass product rules independently e.g. affordability
- No footprint on household members’ credit file
- Same surname or same surname associations e.g. applicant and step-parent. Data will be restricted if disassociation registered e.g. by parents
- At the same addresses (including linked addresses – link in subject name or subject data at linked address.
- Audit trail at bureau and client end
- No raw financial bureau data viewed/displayed
- No information returned by CRAs if Notice of Correction or Notice of Dispute registered.

### **B. Business Processes Impacted**

- Data Supply
- Credit Applications

---

<sup>7</sup> For members of the CML closed user group, a CML entry will be treated as a CCJ.

## **7 Suggested Wording for Consent Clauses**

### **A. Features**

- Changes for all lenders
- Revisit existing consent clauses to cover e.g. use of family data in “Household Override” and fraud
- Proposals affected
  - 1 Sole applicant makes joint application
  - 5.1 Associations based on a joint account
  - 5.2 Associations based on a joint search
  - 5.3.1 Opt – out
    - automatic opt-in (create search for associate)
    - search first party only
    - consumer choice (create search for associate if opt-in)
  - 5.4.1 Association by consumer declaration
  - 5.4.2 Sole consumer declaration at time of application
- Transient associations (e.g. fridge/students)
- Marketing opt out to remain.
- Quotes and enquiries
- Drafting of additional consent clauses to be finalised.
- CRAs to review adequacy of current contractual controls.
- Lender audit trail (versions and evidence)

### **B. Business Processes Impacted**

- Data Supply
- Credit Applications

## **8 Communication and Education**

### **A. Features**

- Industry initiative including lenders, CRAs, Money Advice organisations.
- Target Student/Youth sector
- Target Estate Agents
- Engage PR agencies to develop case studies
- Involve Direct Marketing Association
- Target Utilities
- Electoral Roll administrators
- Change in lenders practices (front end, management and back end) e.g. booklets
- Changes in CRA procedures
- Proactive campaign with OIC, OFT, CAB
  - Target at appropriate bodies e.g. divorce lawyers, media
  - Initiative to be lead by Working Party, CRAs and Trade Associations

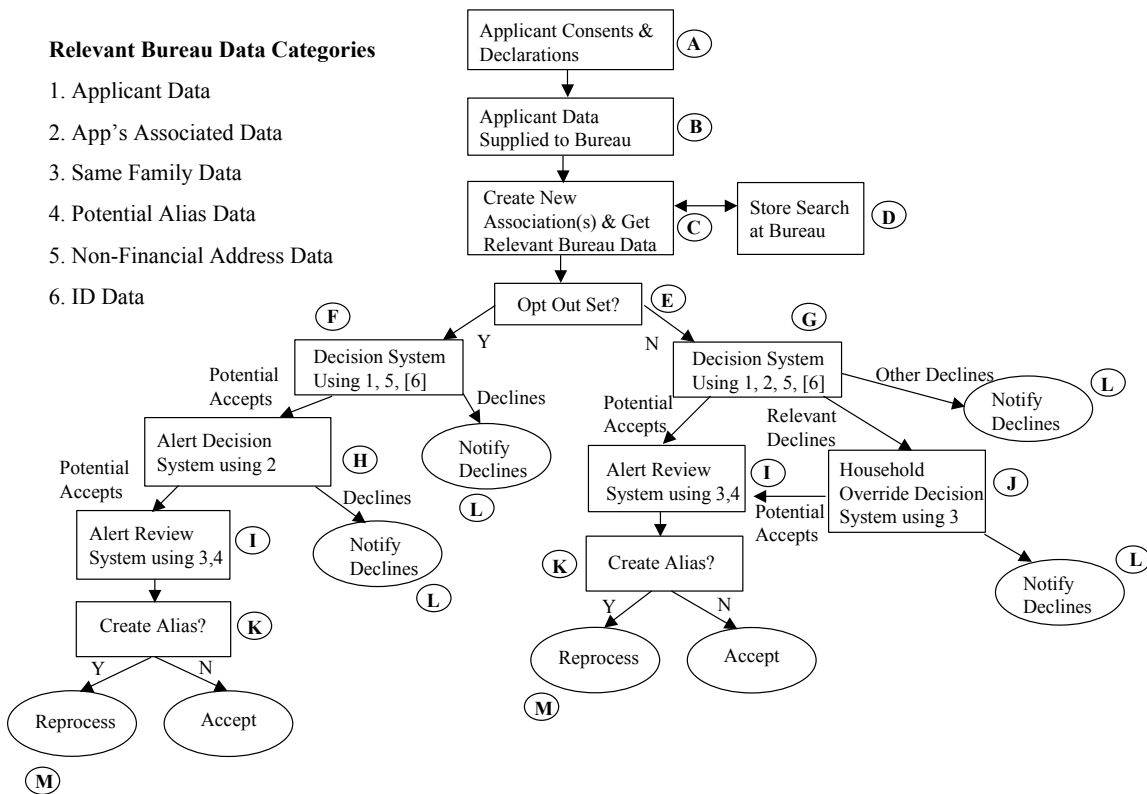
### **B. Business Processes Impacted**

- Management
- Consumer File
- Credit Applications
- Supply of Data on a New Prospect
- Fraud

# 6 Business Processes

## Third Party Data Proposals – Impact on Business Processes

### 6.1 Credit Application Process



### Box A – Applicant Consent Clauses and Declarations

Consent clauses and Declarations will need to take account of the different scenarios for an application:

#### Consent Clauses :

- To conduct a credit search, share data, use data for fraud detection and future use in applications by other members of the household - sole applicant / joint application by one party / joint application by both parties.
- Secondary user i.e. is not primarily responsible for or party to the application, such as an authorised user on a credit card account.

#### Declarations:

- Joint application by one party
- The wording will need to explain the consequences of opting out or in and also if the individual is eligible to opt out.
- The lender will have the right to make an opt-in or opt-out compulsory.<sup>8</sup>
- A sole applicant making a joint application needs to be made aware that an association will be created between both applicants.
- Transient joint applications.
- Sole applicant declaring a spouse/partner relationship, which will form a financial association.

The consent clauses and declarations will be applicable to applications through all channels.

Joint Applications: As it is possible to be financially associated with more than one individual, if the opt out is selected it will only be effective in respect of associates who are not party to the application.

Organisations must not introduce the opt-out process without prior consultation with the CRA

### **Box B – Application Data Supplied to the Bureaux**

Information required from October 2001 (at the latest) to comply with data quality standards agreed with the OIC:

- Title
- Forename
- Second name or initial (recommended and mandatory where available)
- Surname
- Date of Birth
- Address(es) in PAF format or Postcoded.

Information required to be supplied for the first named applicant:

- Forename etc (as above)
- Any other name(s) by which the applicant is or has been known. (recommended)
- For sole applicants, whether the applicant wants to opt-out of having any associate information taken into account in the decision making process.

Information required to be supplied for the second named party (including associates): (if applicable)

- Forename etc (as above)
- Any other name(s) by which the applicant is or has been known. (recommended)

---

<sup>8</sup> Organisations should review with their legal departments whether their use of opt in only contravenes other regulations e.g. unfair contract terms.

- Whether an association is to be registered. An association should not be created in circumstances where the application is not between financially associated individuals. e.g. students purchasing a fridge or entering into a TV rental agreement.

Information required to be supplied for the third (and subsequent) named party (if applicable)

- As per second named party.

### **Box C1 Create Associations**

The Bureaux will create associations using information supplied by the lender at the time of application.

Association records at the bureaux will show:

The date and source of creation i.e. a lender or consumer declaration (direct to the bureau etc.)

The names of the associated individuals

Bureaux will need to review and potentially update conflicting historical associations

Need (transient) association in CAIS/Insight/Share

### **Box C2 Get all Bureau Data**

Data will be based on all names and addresses supplied.

Data returned can be raw data, summaries and scores.

There are five categories of matches:

1. Applicant data (including joint applications)
2. Applicants associated data
3. Same family data
4. Potential Alias data
5. Non-financial address data (e.g. Electoral Roll, demographics) and CIFAS data

Additional data can be supplied for the purpose of ID verification. (See Fraud Prevention/ID Verification Process)

Any raw Alert and Household Override data will also be returned at this point.

### **Box D Store Data at Bureau**

The following data will be stored at the bureau:

- A credit search for all supplied credit applicants.
- An associate flag and enquiry search for all other supplied names that have been searched.
- For opt in applications, an enquiry search for associates not named on the application but where an existing association is held at the bureau.

The credit search details stored will be:

- source and date
- the applicant data supplied (see Box B above)
- type of search (credit)
- Type of “opt”

The enquiry search details will be:

- source and date
- the applicant data supplied (see Box B above)
- type of search (enquiry)

### **Box E Opt out Set?**

Organisations must not introduce the opt-out process without prior consultation with the CRA

### **Box F Decision System Using Applicant and Address Data (Opt Out Selected)**

This can be a manual or automated system using any combination of raw data, scores and policy rules.

The credit decision is based solely on data items returned as ‘applicant’ and ‘address data’. It excludes associate or household data, as the opt-out has been selected.

Additional data could be used for the purposes of ID Verification/Fraud Prevention (See ID Verification/Fraud Prevention Process)

There will be an impact on processes, application scorecards, retros etc and on monitoring systems.

### **Box G Decision System using Applicant, Associate and Address Data (Opt Out Not Selected)**

This can be a manual or automated system using any combination of raw data, scores and policy rules.

The credit decision is based on data items returned as ‘applicant’, ‘associate’ and ‘address data’. It includes associate data, as the opt-out has not been selected.

Relevant declines can be identified and the household override applied (see Box J)

Additional data could be used for the purposes of ID Verification/Fraud Prevention (See ID Verification/Fraud Prevention Process)

### **Box H Alert Decision System using Associate Data**

Associate data is used in this system as the opt-out has been exercised by the applicant. The use of the Alert system is optional to lenders.

The Alert system assesses data relating to any associate of the applicant. Only material associate data that can be justified in the decline decision should be flagged.

The process is automated based on summarised relevant data supplied by the bureau or using the raw data supplied by the bureau. For in-house systems, the following conditions will apply:

- The bureau will incorporate compliance conditions within their client contracts.
- There will be audit trails within client systems to ensure compliant use.
- The bureaux will supply the OIC with names of clients who operate in-house systems.
- This is only available in an automated environment.

If an automated decline process is not adopted, the processes within Box H and Box I can be merged

No additional search footprint is registered at the bureau.

**The spirit of the agreement with the OIC is that the opt-out will be honoured, unless the lender can justify a decline decision to prevent fraud or household over commitment.**

### **Box I Alert Review System to Identify Alias and Associate Data**

The use of the Alert system is optional and in this case is a manual process.

An Alert score can be used to determine which accounts to review.

Use of the Alert Review system will require access to the raw household data returned by the bureau.

The review may identify third party data which is actually first party. In this case, the lender should create an alias at the bureau (see Box K). This functionality can also be



used after application of the household override to ensure that records have been correctly attributed to the applicants and members of their household.

Notices of Correction and Notices of Dispute will be available to the lender in order to comply with current requirements.

Where a Notice of Disassociation is registered, data on the 'disassociate' will not be returned.

For in-house systems, the following conditions will apply:

- The bureau will incorporate compliance conditions within their client contracts.
- There will be audit trails within client systems to ensure compliant use.

The bureaux will supply the OIC with names of clients who operate in-house systems.

There needs to be an audit trail for reviewed cases.

### **Box J Household Override System using Same Family Data**

The use of the "Household Override" System is optional.

The override system can only be used where there is little or no bureau data on the applicant. For in-house systems, the following conditions will apply:

- The bureau will incorporate compliance conditions within their client contracts.
- There will be audit trails within client systems to ensure compliant use.
- The bureaux will supply the OIC with names of clients who operate in-house systems.
- This is only available in an automated environment.

The applicant must satisfy product and policy rules independently of the override being used to accept the application.

It can only be used when the initial assessment of the applicant results in a decline.

A score is supplied to the end user to enable a final decision to be made. The end user does not see the raw data to undertake a manual review of data used to create the score.

If there is no household data present, there will be no change to the decline decision.

Use of the override system does not create an additional search footprint.

Where there is a Notice of Correction or Notice of Dispute present, no household score will be returned or created from the raw bureau data.

Where a Notice of Disassociation is registered, data on the 'disassociate' will not be returned.

Use of the override cannot be used on applications where the opt-out has been exercised.

### **Box K & M - Create Alias(es) and Reprocess.**

Use of the Alert Review System may identify data which appears to relate to a third party but actually is the applicant or the associate. In such instances the lender can advise the

bureau who will register an alias. This will be done using a robust manual process by the lender.

Where applicable, the lender should attempt to confirm the alias with the applicant.

Subsequent users of the applicants' and associates' bureau data will see the date and source of the alias creation.

The process of allowing a 'dis-alias' in cases where the created alias is proved to be incorrect is covered in the Data Supply and Management process.

Where an alias has been identified and created, the application needs to be reprocessed to include the alias data in the decision-making.

There will be an impact on monitoring.  
An audit trail must exist.

## **Box L Treatment of Declines**

### Treatment for Opt-Out.

The application can be auto declined on the basis of associate data identified in the alert system.

Where the application decision is a decline based on associate data, the explanation to the applicant can be they are ineligible to opt-out.

There must be a good reason for declining on the associate data. e.g. derogatory data on the associate, or the applicant and associate are over-committed as a financial unit.

Suggested wording for a decline letter is:

“Our checks indicate that there is a material reason why your declaration relating to your associate(s) is inadmissible. We recommend you obtain a copy of your consumer file from Experian/Equifax/Callcredit, and suggest you request your associate(s) to do likewise. Your associate(s) will be named on your consumer file”.

### Treatment for Opt-In

Where the application decision is a decline based on associate data, the explanation to the applicant should make this clear.

Suggested wording for a decline letter is:

“Our checks at the CRA indicate that there is information relating to you or your associate which has contributed to our decision not to proceed with your application. We recommend you obtain a copy of your consumer file from Experian/Equifax/Callcredit, and suggest you request your associate(s) to do likewise. Your associate(s) will be named on your consumer file”.

### Treatment for Joint Applications

The reason(s) for decline should be explained in accordance with The Guide To Credit Scoring. Furthermore, if an association has been created, all parties must be notified. Such notification may be verbal or in writing.

### **Non-Credit Applications**

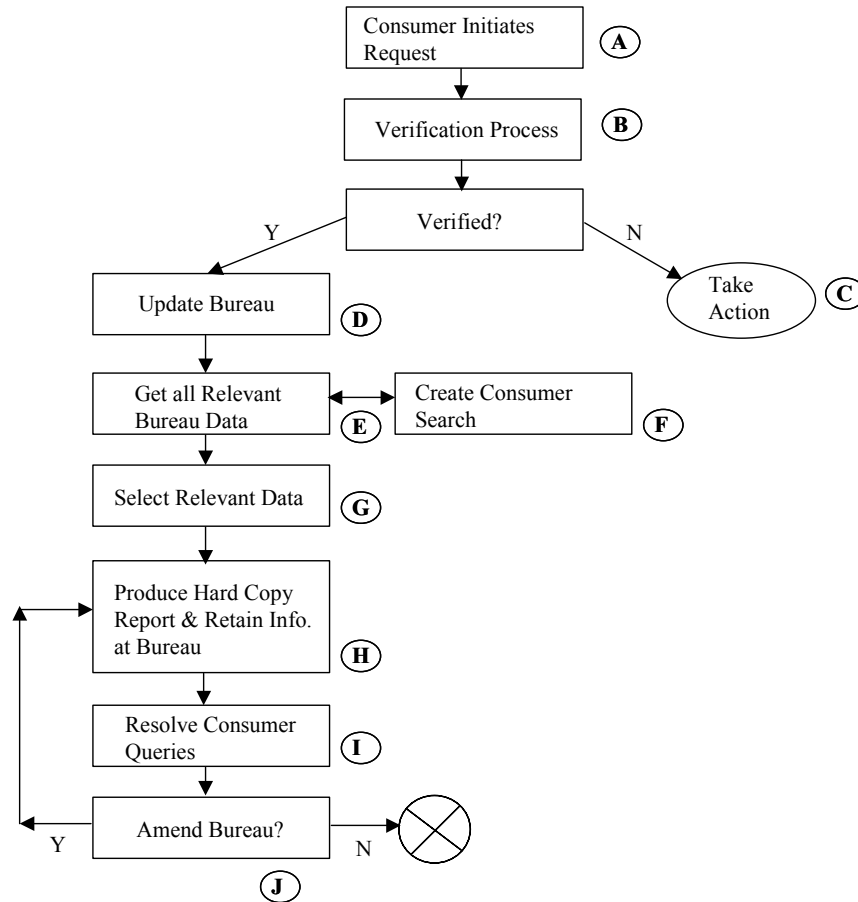
E.g. Enquiry agents, Employment vetting, Cheque guarantee, Insurance premium setting, Property and car rental vetting, Gaming and leisure.

Bureau data returned will be limited to applicant and address only. No associate or household data will be returned.

Certain types of data e.g. Electoral Roll, may be limited by the type of application. The Alert and Household Override systems do not apply.

## 6.2 Consumer File

### CONSUMER FILE REQUESTS PROCESS



#### Box A – Consumer Initiates Request

Mandatory information required to be supplied by the consumer:

- Title
- Forename
- Surname
- Date of Birth
- Aliases
- Address(es) in PAF format or Postcode.

Additional information (if possible)

- Second forename (if applicable)
- Partners' details

- Any other information deemed relevant by the bureau where consent has been given.

Possible channels for a consumer file request:

- Mail
- E-mail
- Telephone
- Money Advisors and other parties with Power of Attorney.

The CRAs must retain evidence of the request

### **Box B – Verification Process**

The CRAs need to confirm consumers' identity and any aliases, as now.

Verify associations (Reference: data supply business process)

### **Box C – Take Action**

Bureau takes action, as now.

### **Box D – Update Bureau**

The bureau will record the following:

- New Associations
- Aliases
- Previous addresses
- Date and source (for each of the above)

The bureau will keep a record for audit purposes.

### **Box E – Get All Relevant Bureau Data**

First party (including alias) data at all supplied addresses:

- Aliases (including date and source of creation)
- Electoral Roll
- CAIS/Insight records (indicating joint accounts)
- Public data (CCJs etc.)
- Searches (excluding OIC special cases)
  - Include searches when associated with another credit application.

- Notice of Correction and Notice of Dispute against individual records (where applicable)
  - CML, GAIN.
  - Names of Associates (including date and source of creation)
  - Linked addresses (including date and source of creation)
- Address based data at all supplied addresses
- CIFAS

### **Box F – Create Consumer Search**

‘Special’ search footprint type required at current address.  
The bureau will record the consumer’s date of birth and date and source of request.

### **Box G – Produce Hard Copy**

Report all relevant data (see Box E above)  
Retain a record of the consumer report (as now)

Current procedures will remain in place until agreement reached with the OIC as to when to implement changes to the consumer file information.

### **Box H – Resolve Consumer Queries**

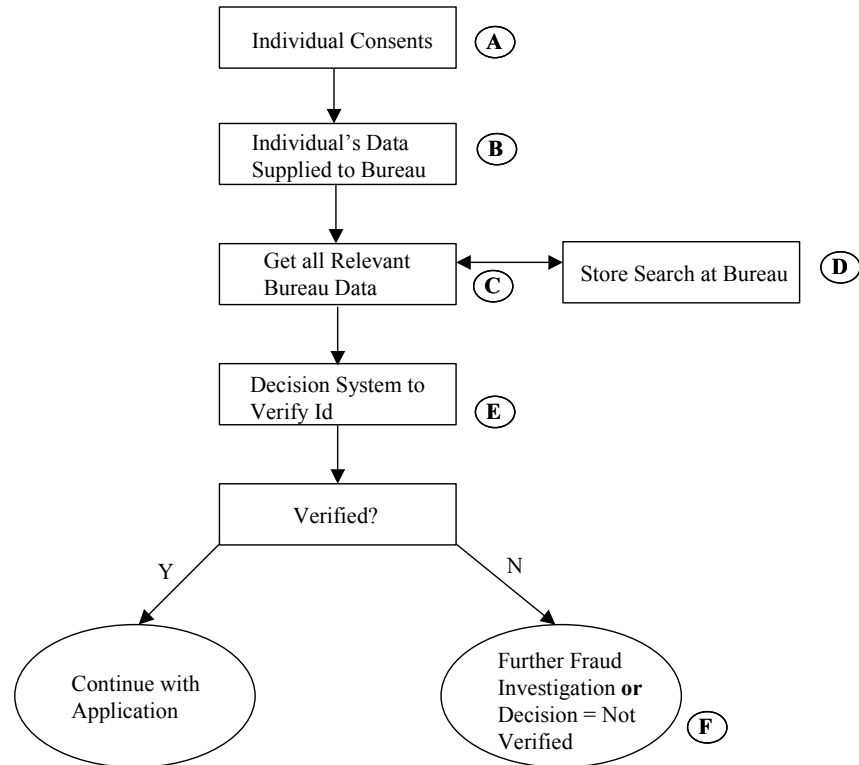
The bureau will need to be able to explain the use of associated data.  
The bureau will need to be able to explain the source of the data.  
Agree bureau changes with the source of the data.

### **Box I – Amend Bureau**

Flag disassociations etc. (as now)  
Remove spurious aliases and prevent subsequent re-creation.  
Remove ‘unauthorised’ searches (i.e. if disputed by an individual who is party to the application but was not involved in making the application)  
Remove invalid associations (e.g. transient)  
May need to add or amend an association or alias (if declared by the consumer direct to the bureau)

## 6.3 Fraud Prevention and ID Verification

### FRAUD PREVENTION & ID VERIFICATION PROCESS



This is an optional standalone process that applies to each party separately, and will typically be used for statutory money laundering checks and ID verification.

#### Box A – Individual Consents

Appropriate fraud prevention/ ID consent to be obtained for each party. Suitable declaration required if one party is making a joint application.

#### Box B – Data Supplied to the CRAs

- Title
- Forename
- Second name or initial (recommended, mandatory if available)
- Surname
- Date of Birth
- Aliases
- Address(es) in PAF format or Postcoded.

## **Box C – Get All Relevant Bureau Data**

Data will be based on all names and addresses supplied.  
Data returned can be raw data, summaries and scores.

There are five categories of matches:

1. Applicant data (including joint applications)
2. Applicants associated data
3. Same family data
4. Potential Alias data
5. Non-financial address data (e.g. Electoral Roll, demographics) and CIFAS data

For CAIS/Insight data, financial data will not be available.

Searches shown will be as per the current OIC agreement.

## **Box D – Store Search**

The bureau will flag the search type as 'ID' unless part of a credit search.  
The date and source will be displayed.  
The search will be against an individual.

## **Box E – Decision System**

This can be a manual or automated system using any combination of raw data, scores and/or policy rules.

The decision system can be in-house or bureau based. For non-CAIS/Insight members, the raw data will not be visible. (reciprocity issues)

The users determine the level of confidence in the ID verification.

An audit trail will be required.

## **Box F – Fraud Investigation**

The fraud investigation enquiry is a separate and auditable bureau search, which may take place as part of the fraud prevention/ID verification process. Enquiries will be based on an individual's name and address. This process will only be available to specialist staff. The reasons for investigation need to be documented by the client.



An enquiry will allow access to all raw data at the given address(es), subject to reciprocity.

The enquiry will have to be made to the bureau only (raw data will not be available to in-house systems).

A special footprint will be recorded by the bureau, but not displayed to other lenders. The search will be visible to the lender creating the search. Consumers will only see this search under a Subject Access request (and not on a Consumer File request or where Section 29 regulations prevail)

The process will be auditable at both client and bureau.

## **4 Data Supply To/Management at the CRAs**

All data related to an individual should be identified and attributed by:

- Title
- Forename
- Second forename or initial (recommended, mandatory if available )
- Surname
- Date of Birth
- Address(es) in PAF format or Postcoded.

The search type is to be supplied for all channels. Credit searches also need to indicate:

- Co-application (Y/N)
- Associate (Y/N)
- Opt-in, Opt-out flag

CAIS/Insight records need to show:

- If the account is joint.
- If the joint account holders are associated.

CRAs to store and maintain by date and source:

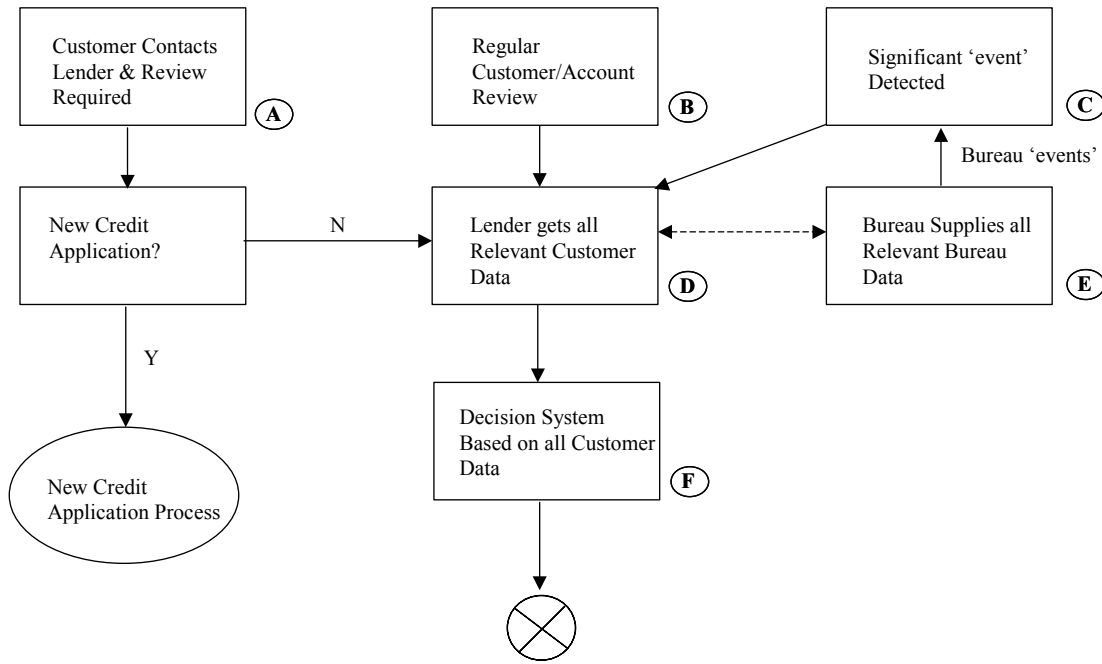
- Search
- Address links
- Associations<sup>9</sup> and Disassociations
- Aliases and dis-aliases
- Notice of Correction and Notice of Dispute

---

<sup>9</sup> Great care must be taken when maintaining multiple associations for any one individual.

## 5 Customer/Account Management

### CUSTOMER/ACCOUNT MANAGEMENT PROCESS



This process covers:

- Marketing risk screening, including cross-selling and up-selling to existing customers
- Arrears management
- Risk management
- Existing customer request for new products and facilities

#### Box A – Customer Contacts Lender

For example, credit limit increase, financial distress (contact by third parties e.g. Money Advice organisations), additional purchase, lost/replacement card, change of name/address.

The lender decides if the contact is treated as a new credit application. If it is, the Credit Application process should be followed. (For pre-approved facilities, it may not be necessary to follow the full credit application process.)

The customer account management system may contain processes to deal with additional, extended or upgraded facilities. e.g. credit limit increases. If a credit bureau search is undertaken, the full Electoral Register will be made available in accordance with the RPA, and the appropriate type of search recorded.

Lenders will also need to consider whether existing consent is sufficient to obtain more data, and whether opt-out applies if originally used.

### **Box B – Regular Review**

Lenders periodic scheduled review of customers/accounts.

Review may cover risk management or arrears activity, as well as taking the opportunity to consider cross-selling or up-selling.

### **Box C – Significant Event**

This will include, among others:

- Data subject bureau events e.g new CCJs, CIFAS, GAIN
- Associate bureau events e.g new CCJs, CIFAS, GAIN
- Third party contacts lender. e.g. CAB, CCCS, family member, solicitor etc.
- Unpaid items on customer account (e.g. direct debit, cheque, etc)
- Returned mail
- Broken arrangement
- Account exceeds authorised limit.
- Suspected fraud from whatever source.
- Lifestyle change, recent account activity

### **Box D – Lender Gets All Relevant Customer Data**

Lender gets all in-house data for defined customer entity.<sup>10 11</sup>

Lender gets all relevant bureau data. This may be a specific request to the CRA or the data may already be available.

The minimum information (until October 2007) required by the bureau for each party, within the customer definition, is:

- Initial
- Surname
- Address

The preferred format until October 2007 (after which it becomes mandatory)

- Title
- Forename
- Second forename or initial (recommended)
- Surname

---

<sup>10</sup> Subject to suitable consent clauses.

<sup>11</sup> Customer is as per the Principles of Reciprocity definition.

- Date of Birth
- Address(es) in PAF format or Postcoded.

If the bureau holds the account details on the CAIS/Insight record, the above information can be extracted via the account number.

### **Box E – Bureau Supplies All Relevant Bureau Data**

If raw data is viewed, then a credit search footprint is recorded.

Batch raw data can be used at bureau or in-house to create a score, and will not leave a footprint. For batch access the following categories of data can be supplied:

- Customer
- Customer's associate(s)
- Address data (i.e. Edited Electoral Roll, CIFAS)

If initial only data cannot be reliably matched to the customer or associate, the data will not be returned by the bureau in the batch environment.

Bureau data will be supplied to and reside on account management systems or marketing/customer databases.

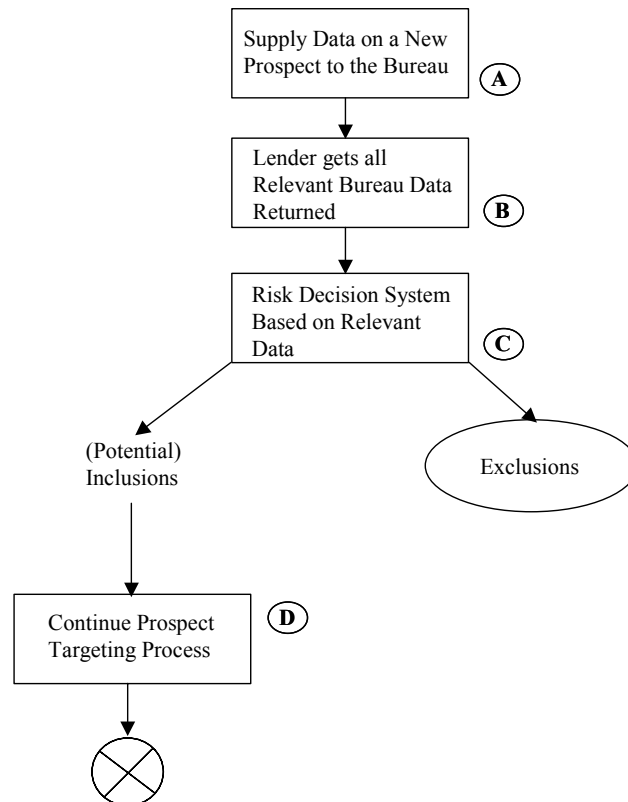
### **Box F – Decision System Based On All Customer Data**

If data subject has opted out at application stage, associate data may not be used in isolation to downgrade any advised facility e.g. reduction of credit card limit or overdraft facility. However, the associate's information can be used as a component of a customer score and the score used to upgrade or downgrade any advised facility.

Rules of Reciprocity apply using restricted data for use in cross-sell marketing activity.

## 6 Credit Risk Screening for New Prospects

### CREDIT RISK SCREENING FOR NEW PROSPECTS



This process only covers CAIS/Insight data, CML, GAIN, CIFAS, Credit searches and Bureau scores. Electoral Register and CCJ data is excluded, as the Working Party does not represent all providers or users of public data in marketing.

#### Box A – Supply Data on New Prospect

Cannot be an existing customer (as defined by the Principles of Reciprocity)  
Minimum information (until October 2007) required by the bureau for each party, within the customer definition, is:

- Initial
- Surname
- Address

The preferred format until October 2007 (after which it becomes mandatory, wherever possible)

- Title (recommended)
- Forename
- Second forename or initial (recommended)
- Surname
- Date of Birth (recommended)
- Address(es) in PAF format or Postcoded.

### **Box B – Bureau Gets All Relevant Data**

The categories of data that can be used are:

1. Prospect
2. Prospect's Associate
3. Same family
4. Potential Alias
5. Other surname)
6. Address (geo-demographic etc.)

### **Box C – Risk Decision System**

CIFAS cannot be used to exclude prospects from a mailing list.

The Principles of Reciprocity (as now) will govern the use of the bureau data.

Decisions whether to include/exclude prospects can only be based on bureau data (excluding CIFAS) at this stage.

### **Box D – Continue Prospect Targeting Process**

Bureau data for categories 1-5 (see Box B) cannot be used for further targeting (i.e. only address level data can be used) but will continue to be subject to the Principles.

The Principles of Reciprocity apply to the use of bureau scores for 'topping and tailing'.

## 7 Timetable and Action Required

As at February 2001, no detailed discussions with either the Trade Associations, their members or the Credit Reference Agencies on this subject have taken place. However, the discussions that the Third Party Data Working Party have had with the team from the Office of the Information Commissioner has outlined that whilst the transition period for implementation of requirements under the 1998 Act expires in October 2001, it will not be possible for every organisation to complete implementation of all the requirements by that date. However, every organisation which uses bureau based third party data should have concrete plans, allocated resources, agreed budgets, organisational and bureau commitment to implementation dates in place by October 2001. The implementation of these plans should be as soon as is practical and as close to October 2001 as is possible. Any reasons for implementation of these plans after October 2001 should be based upon the complexity and diversity of the changes required and not upon economic grounds.

**Notwithstanding the foregoing, consumers may engage the OIC for an assessment as to whether an organisation's processing is in compliance with the Data Protection Act. Notwithstanding the implementation timescales included within this agreement the OIC may give an adverse assessment and the consumer could then apply to the courts in action for a breach of the regulations. There is a risk that they may be successful in obtaining compensation from data controllers (lenders and credit reference agencies) who are not fully compliant with the Act. Equally, there is also a risk that enforcement action could be taken by the OIC, particularly in the absence of a timetable being in place to achieve compliance.**



# 8 Issues To Be Resolved and Implementation Considerations

## 8.1 Issues to be resolved

### **Business Data and Business Credit Risk Processing**

As at February, no detailed discussions within the business specification group have been started. It is intended to update this document with the results of our consultations on this matter in due course.

## 8.2 Implementation Considerations

- If using the Alert system, it can be built in-house or by the bureau.
- Organisations must not introduce the transactional opt-out process without prior consultation with their CRA(s)
- CRAs will not change the content of the consumer file until most if not all users have amended their processing systems. In the meantime some consumers will receive files in the existing full format containing third party data when the transaction they are querying was processed on the revised system. Lenders will need to explain the difference to the consumers.
- The recommended consent clauses and declarations in Appendix B.IV (or other consent clauses and declarations) need to be incorporated with existing wording. It is proposed that a 'pick and mix' list of suitable clauses and declarations is made available to users.
- The wording of decline letters will need to be reviewed when associate data has contributed to a negative decision.

# Appendices

## A: Glossary of Terms

**Address data:** All the data for every individual at an address whether their surname is the same or not.

**Alias:** Any other name by which an individual is or has been known. e.g. maiden name. Can apply to forename and/or surname. An alias can be created by attribution – see below.

**Association :** A record of a financial link between two individuals.

**Attribution:** Identifying and allocating data to an individual

**CAB:** Citizens Advice Bureau

**CCCS:** Consumer Credit Counselling Service

**CIFAS:** Fraud Prevention system

**CML:** Council of Mortgage Lenders register of repossessed properties

**CRA:** Credit Reference Agency

**CRA User:** All credit performance and related data sharers, in accordance with the Principles of Reciprocity

**Declaration:** A statement of fact to the lender endorsed by the applicant.

**Demographics:** Anonimised predictive non-personal data.

**Dis-alias:** A record of where a previous alias has been established as being incorrect.

**GAIN:** Gone Away Information Network

**Generic Product:** A standard product (usually score based) offered by the bureau to its clients.

**Household:** As Same Family definition.

**In-house:** Client based as opposed to bureau based.

**List screening:** The removal of names from a mailing list, based on specific criteria.

**NOC:** Notice of Correction

**NOD:** Notice of Dispute

**ODPC:** Office of the Data Protection Commissioner

**OFT:** Office of Fair Trading

**OIC:** Office of the Information Commissioner (formerly Data Protection Commissioner)

**PAF:** Postal Address File, supplied by the Royal Mail indicating postal delivery points. It does not define all dwellings in the UK.

**Potential Alias:** Records at address(es) which could relate to the applicant or the associate, but on which the confidence level is insufficient to automatically classify them as such.

**Raw Data:** Data that has not been summarised/aggregated.

**Retro:** Retrospective analysis provides the “picture” of an applicant’s file status at a historic point in time.

**Same family:** A group of individuals who are not the applicant nor associate but share the same surname, living or who have lived at the same address at the same time as the applicant.

**SCOR – The Standing Committee on Reciprocity**

**Topping and Tailing:** Based on risk score, removal of lowest and highest categories as agreed by SCOR.

**Transient Association:** A temporary association which relates to a single transaction.

**Transition Period:** The period in which some systems are not fully compliant with the proposals.

## **B: Proposals in Full**

### **1. Proposals for access to and the use of data held at Credit Reference Agencies**

Any changes to the availability of data are likely to affect the availability of financial services to the consumer to some extent. However, the following proposals are designed to enable the maximum level of service to be retained whilst addressing the areas of major concern to the DPC.

#### **1.1. Individual retains the right to make joint application on behalf of their partner.**

##### **The Issue**

Initial applications for joint credit facilities (or services) are frequently made in the absence of one of the parties. Typically this might occur in the case of a mortgage<sup>12</sup> application over the telephone or Internet or even in face-to-face interviews. The party providing the information will be giving details on another individual and authorising a search to be undertaken and recorded at a CRA.

The facility providers consider it reasonable to believe that where a joint application is being made, that the joint applicant will be aware of the application and has agreed to that application being made on their behalf. Where an application has been agreed, other documentation will be produced and signed by both parties in order to take up the facility. Such steps provide comfort that the applicant does have authority to apply on behalf of their partner and it is normal to obtain retrospective confirmation from the second party as part of this process, a practice not undertaken in other industries e.g. travel.

Under the current process the primary applicant provides information on both themselves and the second applicant. If agreed, documentation goes out which requires the signature of both applicants, and usually includes full notification of the use of the CRA. The joint facility is generally one that provides benefits to the joint applicant; and it is reasonable to believe that at the point of application both parties are aware that the application is being made and have consented to it. It is inconceivable that consumers will be prepared to ensure that both are now present at a personal interview to ensure that both give permission to process an application. In an environment where access to third party data is at risk, joint applications may become compulsory for segments of the population.

---

<sup>12</sup> The credit facility most likely to be on a joint basis.

In many cases where a joint application is being made, the joint applicant will already hold credit facilities in their own name or jointly. From these facilities they should already be aware of the credit vetting process, and credit reference agencies. In the event that the application is agreed, signature verification and retrospective agreement is usually sought. Even for those applications which do not progress the advice is provided to the applicants concerned. In the event of a decline in a remote situation, a decline letter is sent jointly to both applicants. This details the CRA used and the consumer's right to gain access to their files.

The joint applicant may complain to the lender at any point in this process or subsequently following receipt of their file that they did not consent to the application being made on their behalf. However, lenders' experience is that the joint application process does not lead to complaints in relation to consent.

### **The proposal**

There are practical and good reasons why the credit industry should continue to accept and process third party data on applications for financial services. A suitable clause will provide confirmation from the applicant that they are authorised to act on behalf of the absent party. It will also advise that an association is to be created. On occasion, the absent party may dispute that authority at a later date and, if upheld, the lender and CRA will remove the search and data from their records. That may also involve removing any associations created as a result of that search. Any organisation capturing sensitive data<sup>13</sup> as part of the application process must not retain such data in the absence of specific consent unless that data is anonymised.

### **❖ The Benefit to the consumer**

Consumers want, and now expect, speed and convenience in their financial dealings. It is quite common for one party to undertake research and apply for financial services on behalf of a financial unit. It would be impractical to

---

<sup>13</sup> Sensitive Personal Data consists of personal data consisting of information as to:

- a) The racial or ethnic origin of the data subject
- b) Their political opinions
- c) Their religious beliefs or other beliefs of a similar nature
- d) Whether they are a member of a trade union
- e) Their physical or mental health or condition
- f) Their sexual life
- g) The commission or alleged commission by them of any offence, or
- h) Any proceedings for any offence committed or alleged to have been committed by them, the disposal of such proceedings or the sentence of any court in such proceedings.

expect customers applying over the phone to pass the telephone back and forth and for Internet transactions it is impossible to tell who is at the keyboard. Ratification of what is an existing arrangement would enable customers to continue to take advantage of new technologies as they are developed.

## **1.2. Identity verification and Fraud checks**

### **The issue**

Checks are undertaken in order to ensure that the applicant is who they claim to be and live at the address supplied and to attribute records to that individual or their financial unit. Lenders are required to “Know their customer” and undertake Identification checks for Fraud and Money Laundering.

It is difficult in the UK, as there is no unique match key which can be relied on, to enable an individual to be identified and ensure that all records relating to that individual are taken into account. Furthermore, any individual may apply for credit in any name they choose, it only becomes an offence if the lender can establish that the name has been manipulated in order to commit fraud. Thus Anthony may have credit in the name of Tony and Deirdre as Deedee. These unique peculiarities of the UK system mean that a number of names and/or addresses could relate to one individual or dwelling. Only by seeing the range available on the electoral roll and in the CRA closed user group, can attribution or elimination take place. The individual financial details in the content of the credit report are unimportant at this time.

### **The proposals**

#### **1.2.1 “Footprints”**

The current practice will continue whereby searches undertaken for the sole purpose of Identity Checking will not register a search for credit purposes although they will still be visible to the consumer, should they apply for their file.

#### **❖ The Benefit to the consumer**

Searches carried out solely for ID verification would not impact on consumers' ability to obtain credit but consumers will be able to establish which organisations have been accessing their files.

### **1.2.2 Access to the Electoral Register**

#### **The proposal**

The range of Electoral Roll information continues to be made available subject to the Regulations (yet to be published) of the Representation of the People Act.

#### **❖ The Benefit to the consumer**

The ability to view the full details of names that are and/or have been registered at an address will provide a secure, hassle free check. Records are accessed solely for attribution or elimination purposes.

### **1.2.3 Access to public and consumer account records**

In an environment where underwriting is conducted manually, an eyeball check of records swiftly discards those which do not relate to the applicant or their financial unit. However, most organisations procedures are predicated on high levels of automation and procedures need to be available to enable them, if they so wish, to identify cases in the highest risk categories for scrutiny. This activity is undertaken manually, at present, particularly when underwriting high value products such as mortgages. It provides a valuable data quality check and supplement to the algorithm processing enabling data quality and algorithms to be upgraded on a regular basis.

#### **The proposal**

See flowcharts in Appendix I for clarification

It is suggested therefore that the financial content such as the limit, term, utilisation and payment profile of data which would currently be returned as "same family" or which might relate to the applicant or the financial unit of which they are part, will be available for calculating a "behind the scenes" automated alert which would trigger a review process by specialist staff to streamline the identification process of those accounts/records which can be linked to the financial unit<sup>14</sup>.

---

<sup>14</sup> See proposals under section 1.5 for details of financial units.

An automated ‘behind the scenes’ mechanism, (rule based or score based – depending on the individual risks of the applicant/ the product and the provider) would provide an **alert**. The purpose would be to flag only those addresses for review containing data which, if it does pertain to the financial unit, would change the decision.

The Alert System could be developed “in house” by those organisations with highly automated decision systems. They will use the full range of data to provide an alert warning to front line staff that further checks<sup>15</sup> need to be made by specifically authorised staff. In organisations operating a manual underwriting system a generic alert score and/or flag will be provided by the bureaux.

This will ensure that sufficient information is available at a high level for fraud, money laundering and identification checks, and will also aid the correct linking of material ‘financial unit’ records to assist in these checks without compromising the privacy of unrelated individuals.

Use of the Alert System is optional and it is likely to depend on the risk profile of the product concerned and even the perceived risk attached to the consumer and the individual proposition.

In the event that the applicant has opted out of their associates’ data being used and the Alert identifies derogatory information the case may be auto declined. Otherwise applications may not be declined on the basis of a low Alert Score unless the data has been fully investigated.

If the applicant has opted out the decline process will indicate that the check referred to in the declaration has been conducted and that they are not eligible to apply in this way.

Records identified as part of this process as belonging to the applicant or associate will be attributed by means of a robust Alias Notification processing System. See Appendix II

There will also be a means of adding warnings to identify accounts where an Alias has been removed or to advise when similarities of name have already been investigated and the alias not invoked.

#### ❖ **The Benefit to the consumer**

The ability to view the full details of names that are and / or have been registered at an address will provide one or more secure hassle free checks

---

<sup>15</sup> When a suitable authorised member of staff accesses the full raw data for investigation purposes an audit trail will be created to establish who has been accessing the data and for what purpose.



for fraud and identification purposes. Records not relating to the financial unit may be used to provide a further identification check for the young or socially excluded.

“Third Party” files will not be attributed to consumers without being manually investigated first. The automated application process would show some increase in manual costs, but would remain automated for the majority of applicants. However, this process would essentially eliminate the current risk of declining an application on the basis of parent / child / sibling data.

The private and potentially sensitive financial details relating to other family members will not be generally – the exception being when there is suspicion of fraud when the conditions outlined in 1.3 apply - available and will not be taken into account in the automated decision.

#### **1.2.4 Access to search records.**

See Appendix III for clarification.

### **1.3. Fraud and Money Laundering Investigations**

#### **The Issue**

There will be occasions when the checks detailed in 1.2 above give rise to suspicion that potentially information is being suppressed or that information being supplied by the applicant is inaccurate. Manual investigations need to be undertaken by suitably trained and authorised Fraud and Money Laundering investigation staff who will need to access the fullest records available in order to pursue their enquiries. Consent will have already been provided within the general fraud consent clauses. In the absence of consent, data may only be accessed by means of a Section 29 request to the Credit Reference Agencies.

#### **The proposal**

##### **1.3.1. Manual access to data for specialist Fraud and Money Laundering Investigations**

For the defined and controlled purpose of fraud and money laundering investigations where further checking is required, the full records to be made available by a search on specified individuals both at the time of processing the transaction and possibly later as part of a retrospective investigation.

### ❖ **The benefit to the consumer**

Fraud and Money Laundering checks can be onerous and time consuming. It is in the interest of all concerned to enable as much of the investigation as possible to be undertaken invisibly and with minimal impact on the applicant. Further, identification of fraud at the point of application reduces the incidence of account data being registered against the innocent consumer whose identity is being compromised.

## **1.4 Industry plans to enhance the identification of records**

### **The issue**

The industry is working hard on expanding the data records and all contributors to data held at the Credit Reference Agencies will be required to file full names and dates of birth on new and, wherever possible, on existing records from October 2001 at the latest. However, closed accounts are unlikely to be updated and some existing account holders may be reluctant to provide additional information.

Existing alias and name matching algorithm processes will continue to be used and, wherever possible, expanded, in order to “match” known differences and versions of names.

### **The proposals**

#### **1.4.1. Expansion of records:**

The Industry will adopt a programme of transition to the point where the majority of existing active and all new records will have title, full first name, surname and date of birth. The target date for new records is October 2001. The industry will continue to access accounts with initial only for the period until those accounts “drop off”, but these should be updated with full details where it is possible to do so. The existing Notice of Correction facility, the Alias warning system, the improved alias processing, the addition of date of birth and the Notice of Disassociation facility will provide further consumer protection.<sup>16</sup>

### ❖ **The benefit to the consumer**

It is in the interests of both consumers and lenders to use the most accurate data possible and fuller information on the applicant will enable records to

---

<sup>16</sup> see section 1.8 communication and education

be more accurately matched. Date of Birth will more easily enable records for those applicants who reside in households with others of exactly the same name to be correctly identified.

#### **1.4.2 The collection of names information**

The Industry would recommend that where possible, application systems/forms request other names ever used by the applicant. Alias records thereby generated, see Appendix B, would help to increase the accurate matching of individual records to individuals following receipt of applications from any member of the household.

##### **❖ The benefit to the consumer**

Reliance on name matching algorithms and the use of third party information to identify records will, over time, reduce for legitimate applicants with more than one name in operation. Collection of the data will enable the information to be linked together for future use. Those who seek to disguise themselves by suppressing information will stand out more through the Alert Process and when identification checks are undertaken, enabling investigation to be targeted effectively.

### **1.5. The financial unit – a tighter definition.**

#### **The issue**

Currently, associations between individuals are created on the databases to show that the parties concerned have a family /financial link. This generally occurs because they have applied for credit together, they currently hold or have held credit facilities together, or they share the same surname or live as part of the same family and live or have lived at the same address at the same time.

The 1990 Enforcement Action was on the issue of Associations and evidence exists now, as it did then to show that credit behaviour of other members of the same financial unit can be highly predictive. At the same time the Industry is sensitive to the concerns raised by the Commissioner and by consumers that it is difficult to assume relationships based on name alone. Whilst it is reasonable to say that a married couple are a financial unit there is no way of identifying who is married to whom. Furthermore, many couples co-habit on the same basis as a married couple and do not share the same name. It is difficult therefore to create a ‘financial unit’ unless specifically advised by the parties concerned.

## **The proposal**

Accordingly therefore, the Industry proposal will now specifically exclude sibling and assumed spousal association based on surname and concurrent residence. Associations will only be created when the applicants themselves, have applied for a joint financial service or have advised of a relationship. Thus financial units will only be created in response to a declaration from either or both of the individuals concerned who are themselves specifically stating that they are connected. That declaration may have been provided directly to a financial institution, or to the CRA or to another reliable and verifiable source or organisation such as, for example, The Register of Births, Marriages and Deaths. Consent clauses and decline letters will specifically draw their attention to the fact that an association has been created.

### **❖ The benefit to the consumer**

As a result of this proposal individuals applying for copies of their credit files will not receive any data from the credit reference bureaux which relates solely to third parties.

#### **1.5.1 Creation of associations based on a joint account.**

### **The proposal**

Associations to be created if a joint account is filed with the CRA.

### **❖ The benefit to the consumer**

Their total exposure will be taken into account based on their own acknowledged financial relationship. There is no evidence that consumers expect to move between financial association and independence at will. Furthermore, low or non-earning partners will be able to obtain financial services in their own right. This stance is unlikely to cause difficulty as most consumers expect their financial services provider to know and take into account joint relationships.

#### **1.5.2 Creation of associations based on a joint search.**

### **The proposal**

Associations will be created when a joint search is undertaken. This is vital money laundering, fraud prevention and credit control information. Many joint accounts relate to services on which default only data is registered e.g. current accounts. Many of the banks who provide current accounts are default only subscribers as a consequence of terms and conditions relating to confidentiality. The lender will advise applicants that an association will be registered as part of the application process. This would also cover credit

where a secondary authorised user has access to the facility but where the account is not legally “joint” such as a credit card with a second authorised user.

Where a joint application is made on the authority of one of the parties, a suitable declaration will be made by the sole applicant. See Appendix IV. In the event that either party disputes the validity of the association and in the absence of evidence to the contrary<sup>17</sup> the search and the association will be removed.

#### ❖ **The benefit to the consumer**

By making a joint application the consumer has advised the financial services provider that they are, or plan to be, financially associated with another party. The consumer will have provided a very comprehensive consent to the effect that an association may be registered. Those without a financial history of their own will be able to obtain financial services in their own right whilst, at the same time, avoiding over commitment. This stance is unlikely to cause difficulty as most consumers expect their financial services provider to know and take into account joint relationships. Protection will be afforded through the facility to disassociate and to remove searches and associations.

#### **1.5.2.1 Transient Associations**

##### **The Proposal**

There are occasions when individuals who could not be described as being members of a financial unit, join together to purchase or rent a shared asset. An example might be students renting a television or jointly purchasing a fridge. In order to prevent an association being registered a flag may be supplied at search and during the life of the account to prevent the association being created. This facility will not be permitted for certain products e.g. mortgages.

#### ❖ **The Benefit to the Consumer**

This facility will ensure that inappropriate associations are not registered and will typically be used, supported by an appropriate declaration, on transactional, short term accounts.

#### **1.5.3 Privacy and the opportunity to exercise the right to be treated as an individual.**

##### **1.5.3.1 The Opt Out**

---

<sup>17</sup> Where applications are declined or not taken up many organisations do not retain evidence of the associated consent for an extended period.

## **The proposal**

Although a couple may be associated by the existence of a joint account or prior joint application, there is a need to provide the opportunity for either of those applicants to exercise the right to be considered as an individual on a transactional basis. This will be managed by providing an opt-out clause which will have the effect of controlling the level of data accessed by ringfencing the sole data within the credit assessment for that particular application.

### **❖ The Benefit to the Consumer**

Consumers will be able to determine whether they are treated as individuals or part of a financial unit without exposing themselves to the risk of unwitting overcommitment.

#### **1.5.3.2**

### **The Consumer File**

When either of the associated parties sends for their file from the CRA they will be notified of the existence of the association and the name of the associated party. Only their personal records and those to which they are a joint party will be returned. Additionally they will be advised of any searches that have been conducted on their records on behalf of their partner. Minimal information on that search will be provided. This will occur on those occasions when their partner did not opt for sole processing. If they each always opt for sole processing no searches will appear on their records on behalf of their partner.

In order to prevent abuse of this facility, the consent clause and opt out must contain suitable declarations to the effect that the option is not being exercised to circumvent responsible lending. The alert mechanism detailed in section 1.2.3 will be used to ensure that the opt out is being exercised responsibly. Search records will be annotated as to whether sole processing was requested or associated data was used.

### **❖ The benefit to the consumer**

Should either party request their file they will see the full details of each search that has been conducted on their files without seeing any account information for their partner or family.

The majority of CRA records are positive. For the vast majority of customers it will beneficially enable future applications by them to be assessed using the full picture of their financial circumstances. Thus providing access to services to lower or unpaid partners. Those consumers who find themselves associated with individuals with poor

credit records will benefit by ensuring that overexposure is avoided and financial difficulties are addressed as early as possible. There will be occasions when applicants apply to be assessed on a sole basis in the genuine belief that there is nothing untoward in the data relating to their unit and no reason why they should not successfully service the proposed facilities. Such applicants will be identified through the alert and may be legitimately declined by the financial services provider. Timely action at an early stage often enables more acceptable arrangements to be put in place reducing the likelihood of moving into serious arrears leading to legal action, repossession and bankruptcy.

#### **1.5.4.1 Creation of association by consumer declaration**

##### **The proposal**

The consumer, may themselves, wish to create an association, directly with the agency. Such a declaration should have joint consent and both participants should be residing at the same address.

##### **❖ The benefit to the consumer**

The system would provide an opportunity for consumers to declare their financial interdependence and so benefit from the result. This would enable low or non-earning partners to provide information on their true circumstances whilst, at the same time, protecting individuals from being assumed to be associated with others.

#### **1.5.4.2 Creation of associations by sole consumer declaration at the time of application**

##### **The proposal**

A facility may be provided in order that the consumer may themselves declare an association by making a declaration as part of the application process for a sole product. Typically this would occur when applicants are asked for their marital status and details of the financial unit. A suitable declaration will make it clear that an association will be created if it is not already present. The application procedures will need to make it clear whether the information is optional or mandatory. The associated party should be residing at the same address.

##### **❖ The benefit to the consumer**

The system would provide an opportunity for consumers to declare their membership of a financial unit and so benefit appropriately from the result.

### **1.5.5 Creation of association from other records**

#### **The proposal**

Although there is no access at present to records such as marriages there may come a time when such information is available in useable format. The Industry seeks to agree the principle that individuals are financially associated through marriage or co-habitation providing that evidence has been supplied either by the individuals themselves or directly from a suitable official source such as a register of marriage or tax records. Prior to the use of such information guidance will be sought from the OIC.

#### **❖ The benefit to the consumer**

Information will be truly reflective of the consumer's circumstances and use of official sources will ensure accuracy. The previous safeguards as to concurrent residence when retrieving records would still apply.

### **1.5.6 Greater transparency on the consumer file for the creation of associations**

#### **The proposal**

The association record at the CRA should be enhanced to show not only the association, but also how it was generated and the date it was generated

#### **❖ The benefit to the consumer**

As it is proposed that associations may be created by the existence of joint accounts, joint searches or consumer declarations it is important that the grounds for creation of an association can be evidenced. The consumer and the industry will have an audit trail. This will be particularly important when subscribers of default only data use associations generated from a record, which is unavailable to them.

### **1.5.7 Communication and education on the creation, use and dissolution of associations**



### **The proposal**

Although the creation of associations can be automated, it would be impossible, in the absence of any reliable source, for changes of address or relationship status, be updated with any degree of confidence, except at the behest of the consumer. However processes can be put in place when joint accounts are closed or amended, to ensure that association records are taken into account and disassociation procedures commenced. At the same time education of divorce lawyers, and recommendations that at dissolution of relationships disassociations are filed will go a long way towards ensuring that records more truly reflect consumers' circumstances.

Greater transparency for the consumer about the creation of associations and the process of disassociation will be achieved by information provided to applicants. Explanations are to be provided whenever feasible in the event of an association being created. Where possible, advise to disassociate will be given when appropriate such as when accounts change from joint to sole and during the collections processes where it is clear that the root cause is a change in personal circumstances, and, more generally to the wider population.

#### **❖ The benefit to the consumer**

In a climate where consumers are becoming increasingly financially aware and in accordance with the latest "Guide to Credit scoring" consumers want to understand how the decision has been reached. Transparency about the use of partner data will reassure the consumer that the data is being processed fairly and that the decision is reasonable. It will also provide important information to those whose circumstances change on how to ensure that those changes are accurately reflected when decisions are taken.

### **1.5.8 Greater transparency in the provision of address change information on the consumer credit file.**

#### **The proposal**

The closed user group data should be enhanced to show when a record has been moved from one address to the next and the date of the move.

#### **❖ The benefit to the consumer**

A more detailed and overt audit trail of the information used by financial service providers will enable consumers to question decisions and make amendments to correct their files.

## **1.6. Benefiting from the family data.**

### **The issue**

There are times when an applicant may not be formally financially associated with a partner and would not obtain financial services in their own right because they are a low or non-earner or there is no or little data available. There are also times when in order to assist the delivery of financial services to the young and socially excluded, data from the same family benefits the applicant to support the decision process in a positive way.

### **The proposals**

Use in automated scoring of other family data to only occur where the result may over-turn a negative decision into a positive one for the consumer.

A Household Override system will be available, on a transactional basis only, linking the applicant to their family. See Appendix I. For that application only, data on other members of the family, if they reside at the same address, will be supplied for use in the credit decision. This facility to be made available only when the individuals with whom they are temporarily associated reside at the same address. The information would not be provided as part of a credit search should the applicant apply for their file as it would only be used to either confirm an existing decline or change a decline into an agreement.

As with the Alert System use of the Household Override System is optional and it is likely to depend on the risk profile of the product concerned and even the perceived risk attached to the consumer and the individual proposition.

The system may be developed “in House” for those organisations with well developed automated processing systems or a generic score may be taken from the Bureaux for less sophisticated or manual users.

### **❖ Benefit to the consumer**

Those applicants who are unable to obtain credit in their own right but who are informally associated with a family with a history of good credit behaviour will benefit. For those who apply for financial services for the first time there is a shortage of personal track record to support their application. The provider is totally reliant on information provided by the

consumer that may not be able to be easily substantiated. Inevitably some borderline applicants will be declined for lack of information.

## **1.7. Recommended Consent Clauses**

### **The issue**

Consent clauses do not always comply with the recommended text as outlined in the Guidance Note issued by the Data Protection Registrar.

### **The proposal**

The Industry recommends that a common standard for consent clauses is established across all providers of financial services who access Credit Reference Agencies, or who provide shared data to the Agencies as part of their normal business processes. The content of the recommended consent clause is to be agreed with the OIC. Meeting a common minimum standard will be a condition of membership of the Closed User Group.

#### **❖ Benefit to the consumer**

A standardised clause and procedure will remove uncertainty for consumers and ensure that there is uniform processing of data throughout the industry.

## **1.8. Communication and education**

### **The issue**

There is widespread ignorance and confusion amongst the general public about the role of credit referencing and the use of credit reference information in the provision of financial services. Most consumers only become aware of the issue if they consider they have been unreasonably declined for a facility.

### **The proposal**

Lenders and Credit Reference Agencies to work with the Data Protection Commissioner to develop a programme of education regarding the use of data, the protection afforded by disassociations and notices of correction and how this can be carried out.

#### **❖ The benefit to the consumer**

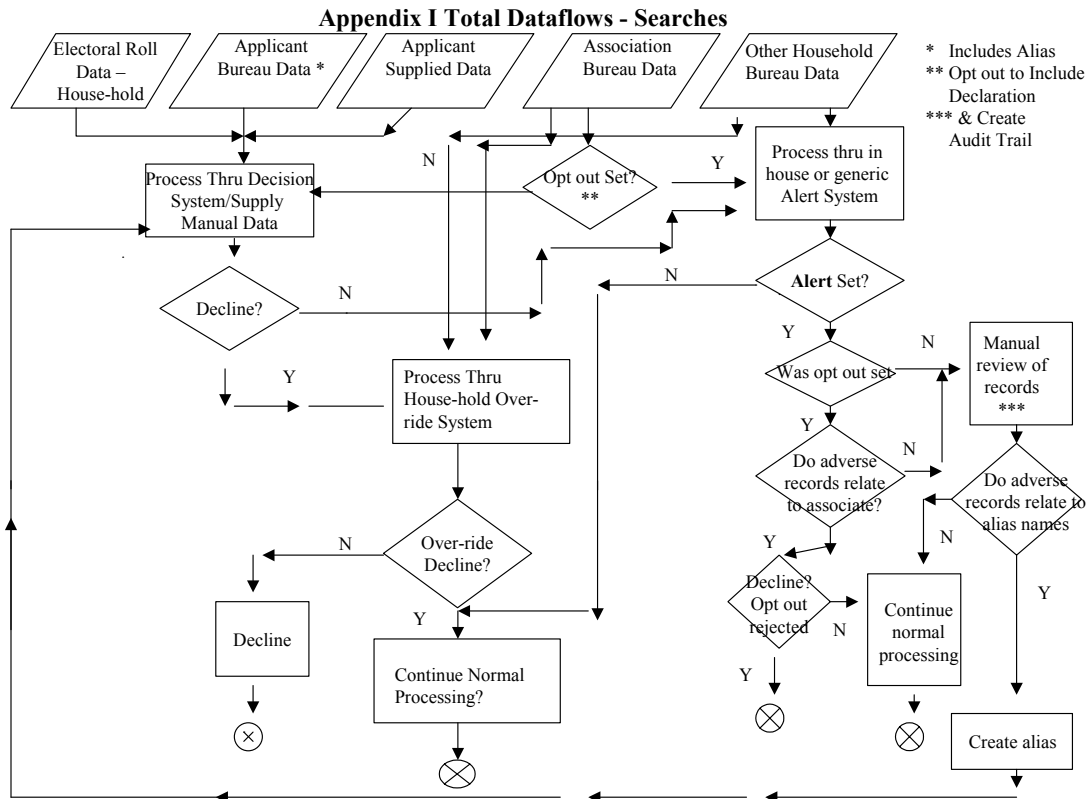
Greater transparency towards consumers will build a greater confidence in the way data is collected and used. Consumers will know what to do to

“manage” their credit files moving towards the USA model where consumers actively work to manage their finances and their underlying credit rating.

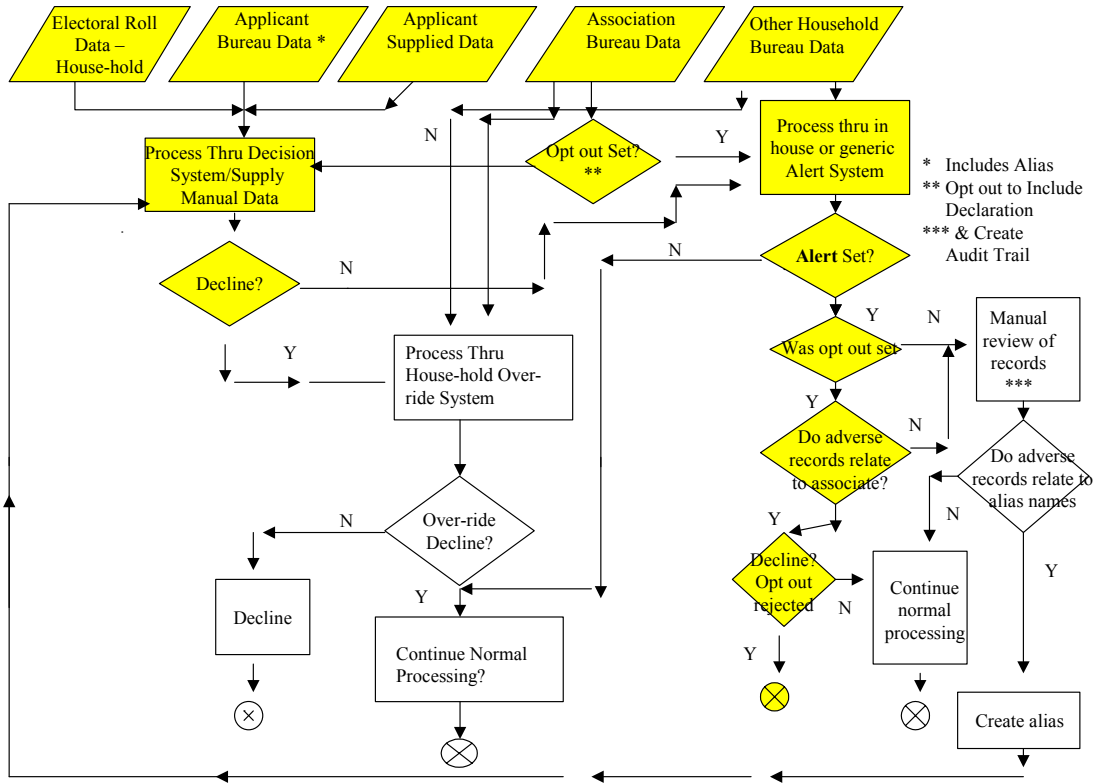
## Appendices to Proposals

I	Flowcharts showing, Opt Out, Alert System and Household Override System
II	Alias Processing
III	Data to be returned on consumer credit file requests
IV	Recommended Consent Clauses and Declarations
V	Recommended Decline due to Associate wording

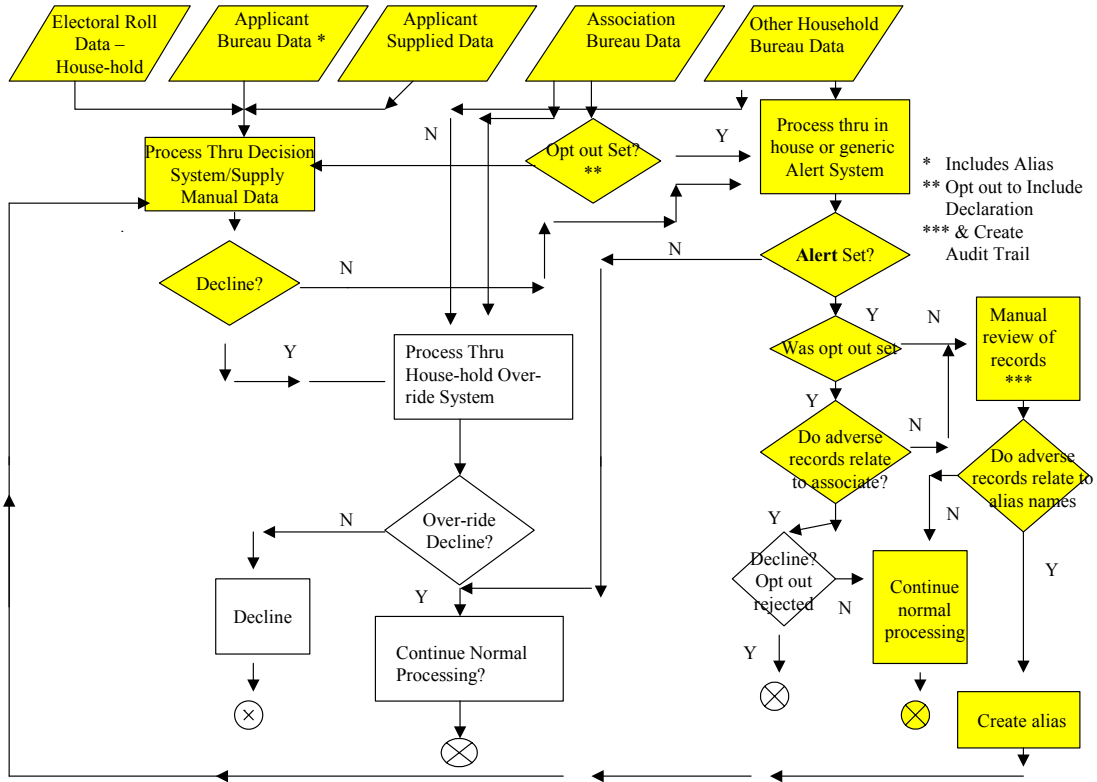
### Appendix I



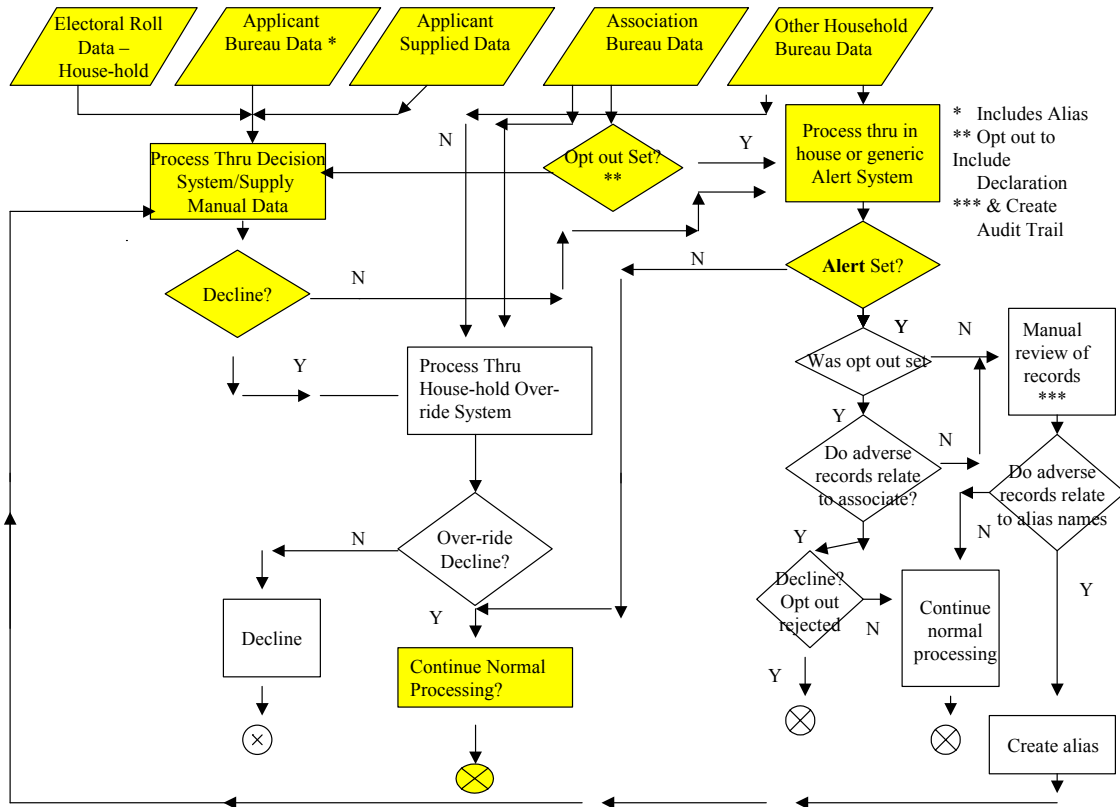
**I.1 Controlled Search – Automated or Manual - Opt out exercised - Optional Alert process -Alert = Y - Associate**



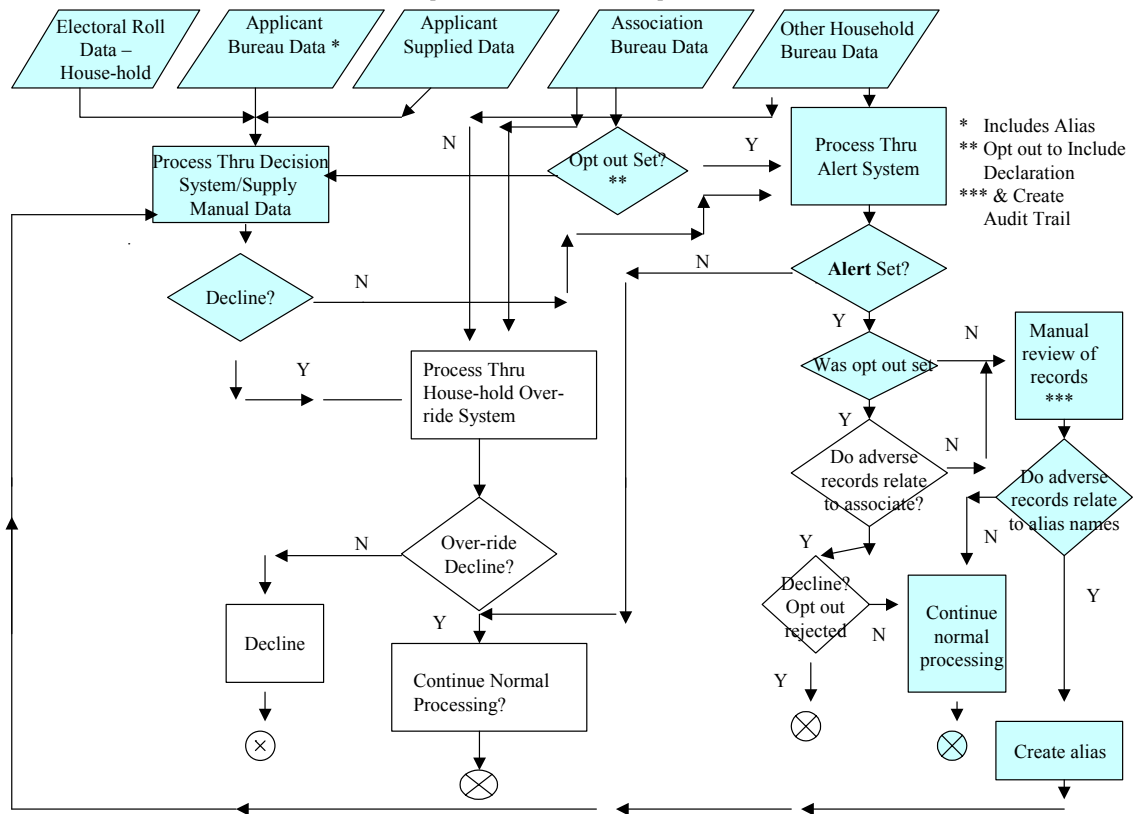
**I.2 Controlled Search – Automated or Manual - Opt out exercised - Optional Alert process -Alert = Y - not associate**



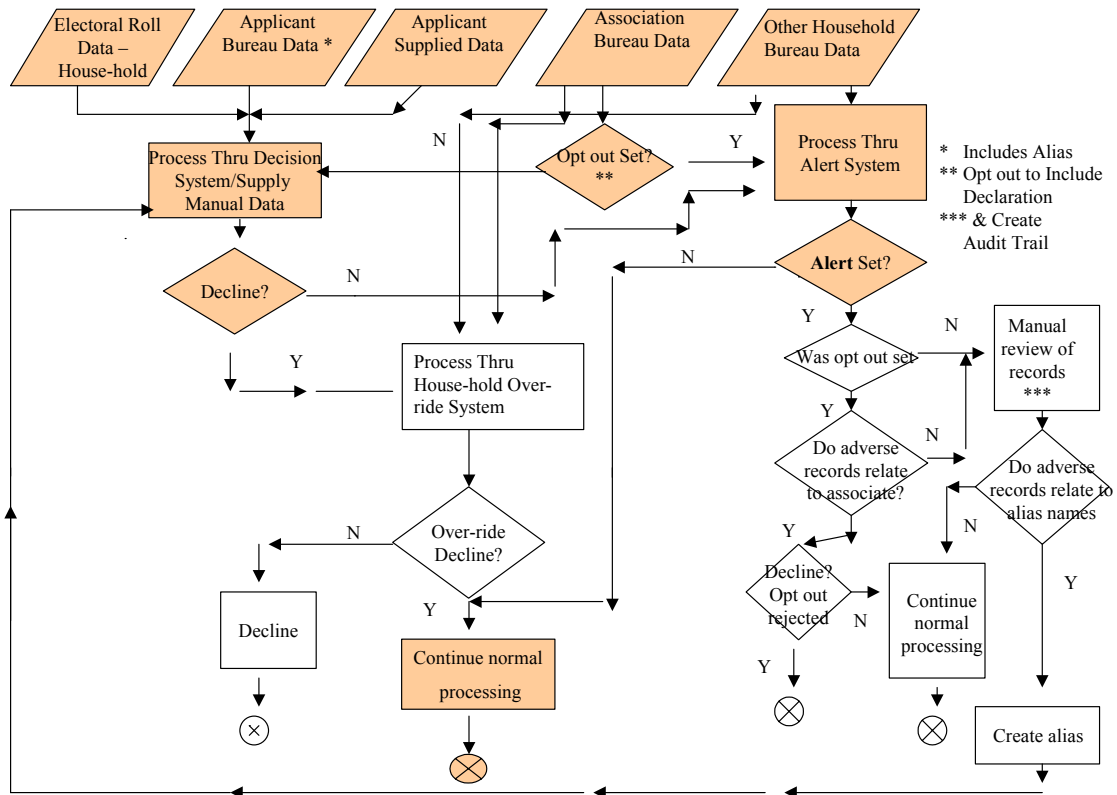
**I.3 Controlled Search – Automated or Manual - Opt out exercised - Optional Alert process -Alert = N**



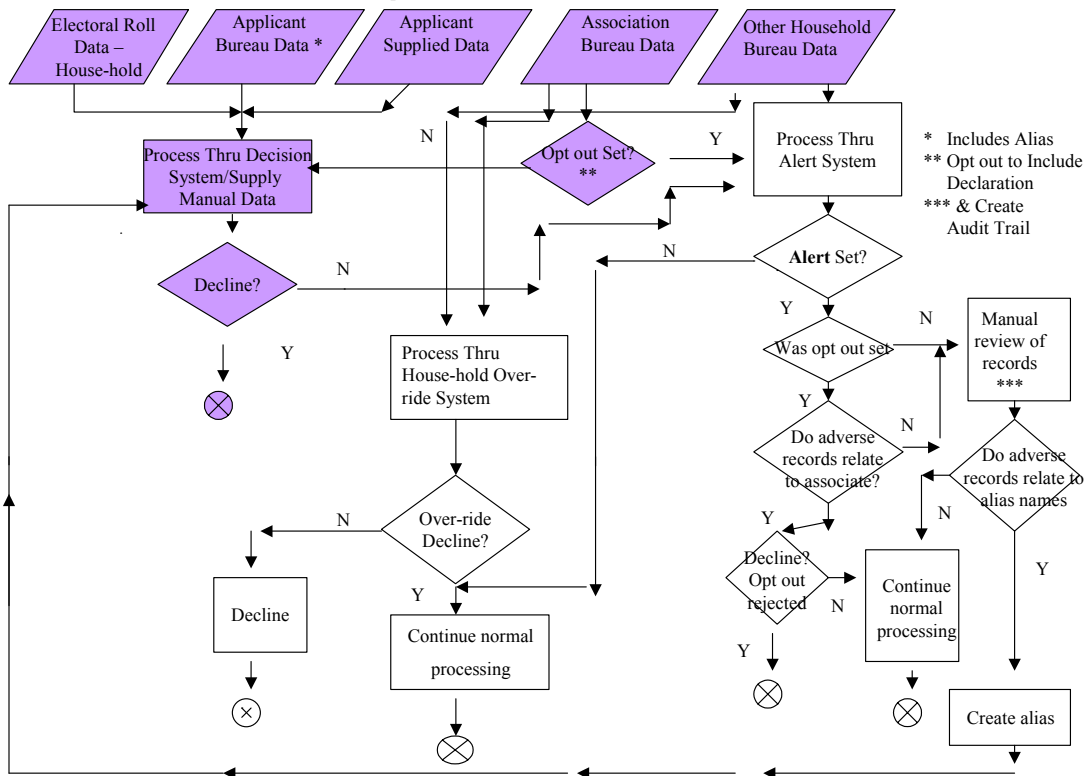
**I.4 Controlled Search – Automated or Manual - Opt out not exercised - Alert process-Alert = Y**



**I.5 Controlled Search – Automated or Manual - Opt out not exercised - Alert process-Alert = N**

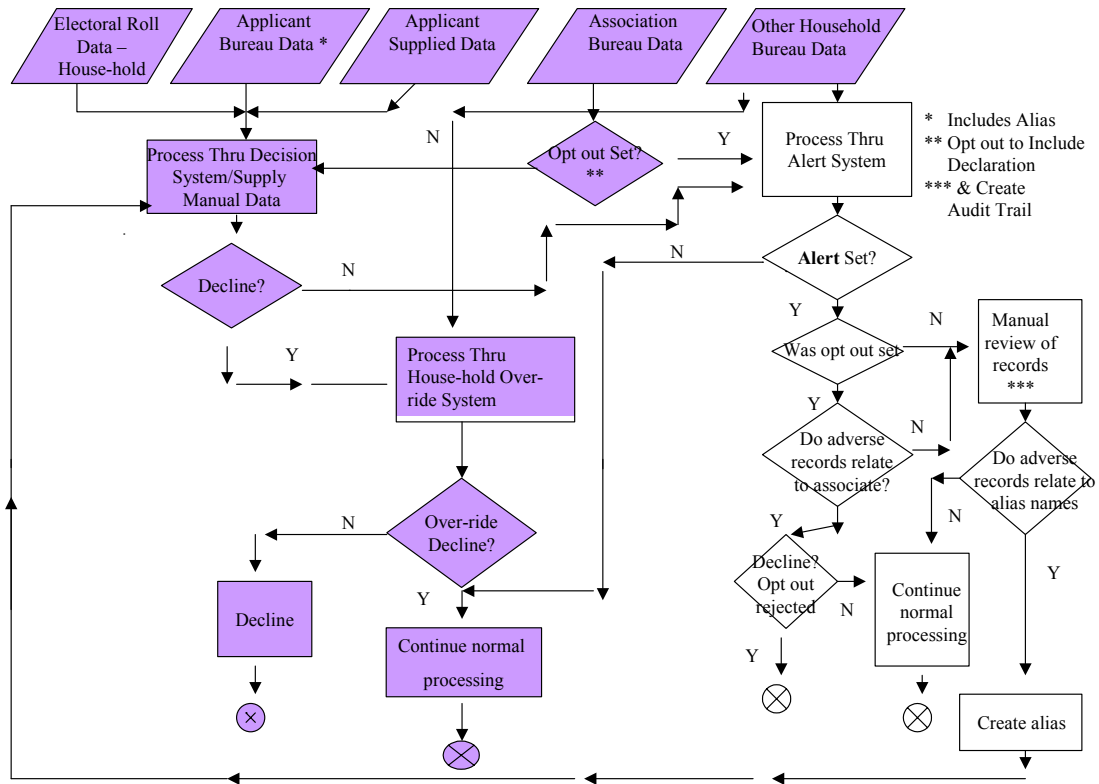


**I.6 Controlled Search – Automated or Manual - Opt out exercised - Household Override -**



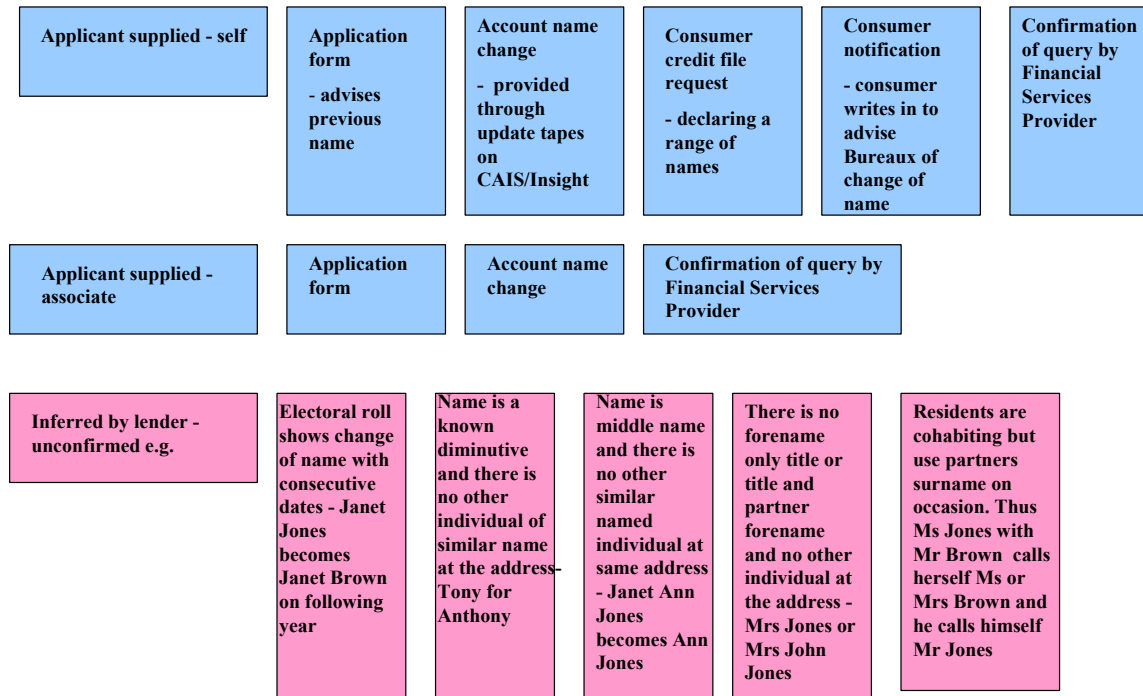


**I.7 Controlled Search – Automated or Manual - Opt out not exercised - Household Override -**



## Appendix II

### Appendix II - Alias Processing - the generation of alias records



Appendix III

**Appendix III  
Consumer File Requests**

**Data to be supplied to an applicant when an association has been registered**

<input type="checkbox"/> Supplied	<input type="checkbox"/> Not Supplied	
<b>Applicant</b>	<b>Associate</b>	<b>Others</b>
<b>Search record opted in</b>	<b>Search record opted in*</b>	<b>Search record</b>
<b>Search record opted out</b>	<b>Search record opted out</b>	<b>Search record opted out</b>
<b>Electoral Register</b>	<b>Electoral Register</b>	<b>Electoral Register</b>
<b>Other Public</b>	<b>Other Public</b>	<b>Other Public</b>
<b>Sole account information</b>	<b>Sole account information</b>	<b>Sole account information</b>
<b>Joint account information</b>	<b>Joint account information</b>	<b>Joint account information</b>

\* Restricted search record to show lender, date and name of applicant only

## Appendix IV – Recommended Declarations and Consents

*a) To be used on joint applications where only one party is present or for sole facilities when declaring a financial association with another party. For example, when stating the name of a partner.*

I declare that I am entitled to disclose information about my joint applicant and/or anyone else referred to by me and to authorise you to search and/or record information at credit reference agencies about us.

"By signing this application I am consenting to this." Or for telephone applications the explanation is given, followed by "Is that OK?"

*b) To be used when the applicant wishes to be assessed independently.*

I understand that information held about me by the Credit Reference Agencies may be linked to records relating to my partner. For the purposes of this application my partner and I are financially independent and I request that my application be assessed without reference to any “associated” records, although I recognise that this may adversely affect the outcome of my application. I believe that there is no information relating to my partner that is likely to affect your willingness to offer financial services to me. I authorise you to check the validity of this declaration with credit reference agencies and if you discover any associated records, which would affect the accuracy of this declaration you may decide not to proceed with the application on this basis.

"By signing this application I am consenting to this." Or for telephone applications the explanation is given, followed by "Is that OK?"

*c) To be used on all joint accounts.*

I/we understand that you will record details of this application, at credit reference agencies, whether or not this application proceeds.

An “association” will therefore be created at credit reference agencies which will link our financial records. I/We understand that our associates information will be taken into account unless I/We instruct otherwise.

If either of us applies for access to information held at credit reference agencies, the applicant will receive only information relating to him/herself and the name(s) of any associate(s).

"By signing this application I am/we are consenting to this." Or for telephone applications the explanation is given, followed by "Is that OK?"

## Appendix V- Decline due to Associate Data

*a) To be used for opt-out applications where associate data has resulted in a decline decision.*

Suggested wording for a decline letter is:

“Our checks indicate that there is a material reason why your declaration relating to your associate(s) is inadmissible. We recommend you obtain a copy of your consumer file from Experian/Equifax/Callcredit, and suggest you request your associate(s) to do likewise. Your associate(s) will be named on your consumer file”.

*b) To be used for opt-in applications where associate bureau data has contributed to the decline decision.*

Suggested wording for a decline letter is:

“Our checks at the CRA indicate that there is information relating to you or your associate which has contributed to our decision not to proceed with your application. We recommend you obtain a copy of your consumer file from Experian/Equifax/Callcredit, and suggest you request your associate(s) to do likewise. Your associate(s) will be named on your consumer file”.

## C. Contacts

### **British Bankers Association:**

Andy Brennan  
Telephone: 0207 216 8847  
E-mail: andy.brenan@bba.org.uk

### **Consumer Credit Trade Association**

Keith Mather  
Telephone: 01274 390380  
E-mail: kmather@ccta.co.uk

### **Council of Mortgage Lenders**

Andrew Hopkins  
Telephone: 0207 440 2253  
E-mail: andrew.hopkins@cml.org.uk

### **Finance and Leasing Association**

Karen Bennell  
Telephone: 0207 420 9611  
E-mail: karen.bennell@fla.org.uk

### **Mail Order Traders' Association**

Malcolm Landau  
Telephone: 01704 563787  
E-mail: MalcolmLandau@cs.com

### **Callcredit**

Michelle Hodgson  
Telephone 0113 244 1555  
E-mail: michelle.hodgson@callcredit.plc.uk

### **Equifax plc**

Barry Conroy	Kieron O'Neill
Telephone: 01274 566265	Telephone: 0207 298 3156
E-mail: barry.conroy@equifax.com	E-mail: kieron.oneill@equifax.com

**Experian Ltd**

Gillian Key-Vice

Telephone: 0115 992 2746

E-mail: [gillian.key-vice@uk.experian.com](mailto:gillian.key-vice@uk.experian.com)

Simon Harben

Telephone: 0115 976 8610

E-mail: [simon.harben@uk.experian.com](mailto:simon.harben@uk.experian.com)