

What's the Score?

Exercise



Exercise instructions

Task 1 – 15 minutes

Hugh Payments, Frank Account, Dee Fault and Linda Decision each want to borrow £5000.

First, calculate each character's credit score and band using the application forms and score calculator answer sheets.

Task 2 – 10 minutes

Using the characters' credit scores and bands, match each character to the cheapest loan they qualify for.

Work out how much interest (the charge for borrowing money) each person will have to pay back in addition to what they borrowed. Make sure you check any additional lending criteria for each loan, such as minimum income.

Use the answer sheet to record your final answers.

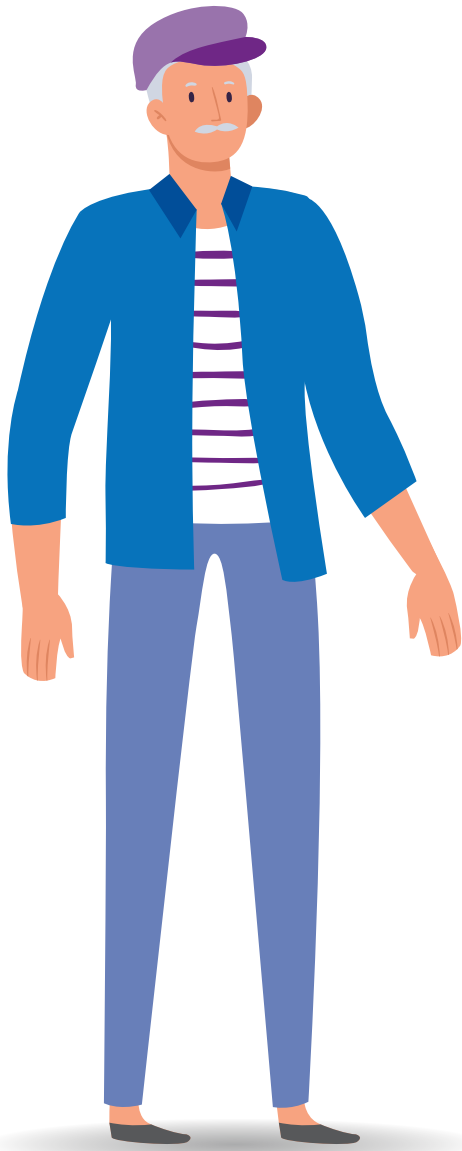
Included:

- Credit application forms
- Score calculator answer sheet (print one for each character)
- Personal loan offers and criteria
- Answer sheets

Please note:

Each character has a starting score of 60. When calculating their total score, you will start at 60 and then add and subtract points from this number.

What's the Score?



Credit Application Form

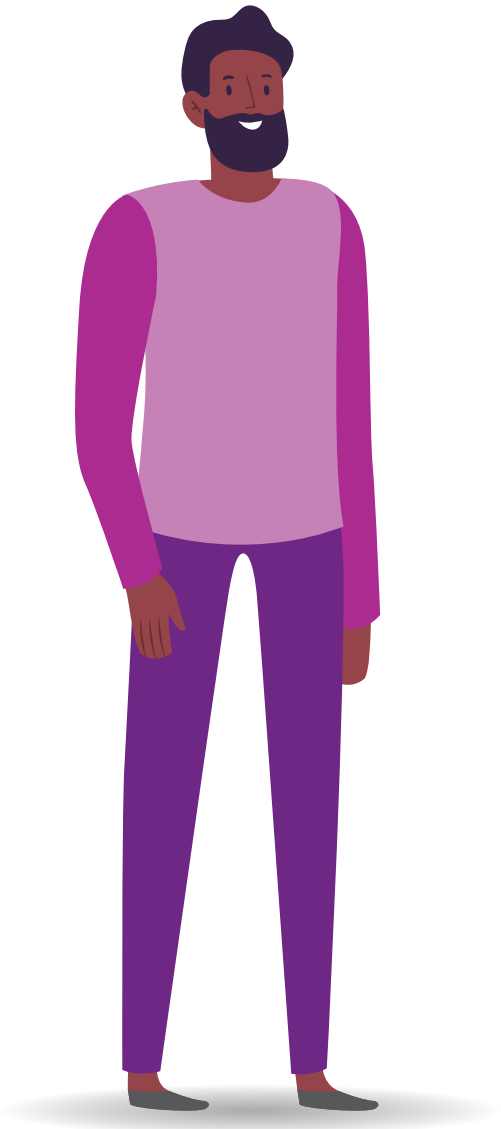
Title	Mr
Forename	Hugh
Surname	Payments
Age (years)	59

Number of dependants	3
Marital status	<input checked="" type="checkbox"/> Married <input type="checkbox"/> Single <input type="checkbox"/> Cohabiting <input type="checkbox"/> Widow(er) <input type="checkbox"/> Separated/Divorced
Residential status	<input checked="" type="checkbox"/> Homeowner <input type="checkbox"/> Living with parents <input type="checkbox"/> Tenant
Time at current address	17 years 5 months
Employment status	<input checked="" type="checkbox"/> Full time <input type="checkbox"/> Part time <input type="checkbox"/> Homemaker <input type="checkbox"/> Retired <input type="checkbox"/> Self-employed <input type="checkbox"/> Student <input type="checkbox"/> Unemployed
Annual Income	£26,000
Time in employment	21 years

Credit report

Electoral Roll	Registered										
Court Judgments	1 County Court Judgment										
Open Credit Agreements	<table border="0"> <tr> <td>Credit Card (£1,700)</td> <td>1 missed payment (last 12 months)</td> </tr> <tr> <td>Retail Credit (£600)</td> <td>0 missed payments</td> </tr> <tr> <td>Mail Order (£140) -</td> <td>0 missed payments</td> </tr> <tr> <td>Credit Card (£368)</td> <td>Defaulted (outstanding balance)</td> </tr> <tr> <td>Loan (£2476)</td> <td>Defaulted (outstanding balance)</td> </tr> </table>	Credit Card (£1,700)	1 missed payment (last 12 months)	Retail Credit (£600)	0 missed payments	Mail Order (£140) -	0 missed payments	Credit Card (£368)	Defaulted (outstanding balance)	Loan (£2476)	Defaulted (outstanding balance)
Credit Card (£1,700)	1 missed payment (last 12 months)										
Retail Credit (£600)	0 missed payments										
Mail Order (£140) -	0 missed payments										
Credit Card (£368)	Defaulted (outstanding balance)										
Loan (£2476)	Defaulted (outstanding balance)										
Previous Credit Applications (last 12 months)	Retail credit application										
Additional Information	Mortgage paid off and closed Paying minimum off credit card Current account held for over 6 years										

What's the Score?



Credit Application Form

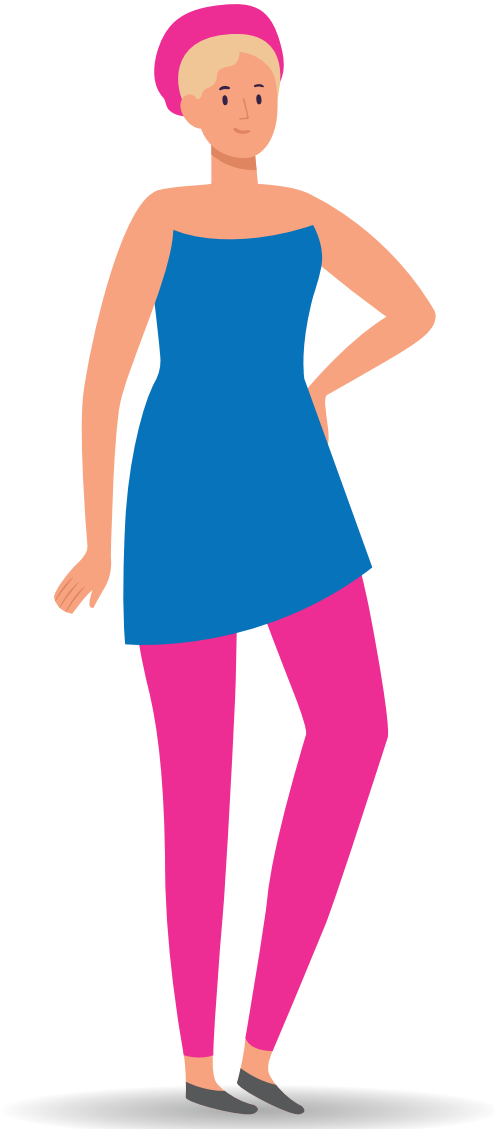
Title	Mr
Forename	Frank
Surname	Account
Age (years)	43

Number of dependants	3
Marital status	<input checked="" type="checkbox"/> Married <input type="checkbox"/> Single <input type="checkbox"/> Cohabiting <input type="checkbox"/> Widow(er) <input type="checkbox"/> Separated/Divorced
Residential status	<input checked="" type="checkbox"/> Homeowner <input type="checkbox"/> Living with parents <input type="checkbox"/> Tenant
Time at current address	4 years 0 months
Employment status	<input checked="" type="checkbox"/> Full time <input type="checkbox"/> Part time <input type="checkbox"/> Homemaker <input type="checkbox"/> Retired <input type="checkbox"/> Self-employed <input type="checkbox"/> Student <input type="checkbox"/> Unemployed
Annual Income	£45,000
Time in employment	16 years

Credit report

Electoral Roll	Not Registered
Court Judgments	No judgments
Open Credit Agreements	Mortgage (£126,000) 0 missed payments Car Loan (£4,000) 0 missed payments Credit Card (£0) 0 missed payments
Previous Credit Applications (last 12 months)	Car loan application
Additional Information	No closed credit accounts No default accounts Pays credit card in full monthly Oldest account held for over 7 years

What's the Score?



Credit Application Form

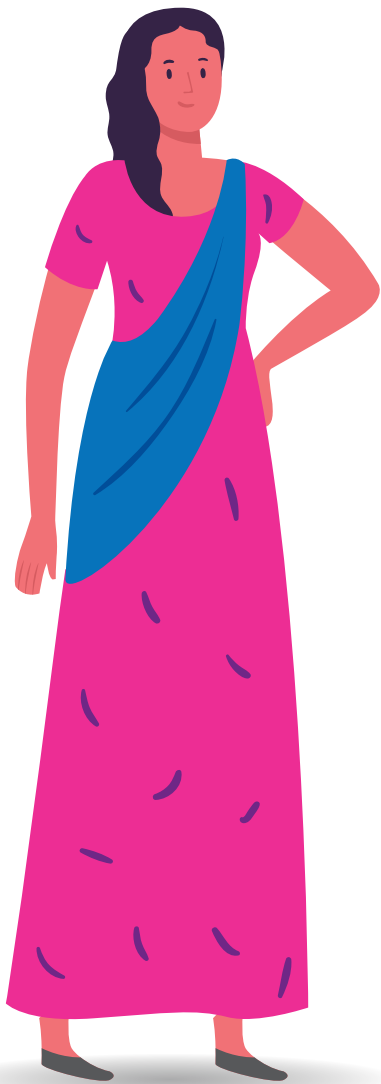
Title	Miss
Forename	Dee
Surname	Fault
Age (years)	23

Number of dependants	0
Marital status	<input type="checkbox"/> Married <input checked="" type="checkbox"/> Single <input type="checkbox"/> Cohabiting <input type="checkbox"/> Widow(er) <input type="checkbox"/> Separated/Divorced
Residential status	<input type="checkbox"/> Homeowner <input type="checkbox"/> Living with parents <input checked="" type="checkbox"/> Tenant
Time at current address	0 years 2 months
Employment status	<input type="checkbox"/> Full time <input type="checkbox"/> Part time <input checked="" type="checkbox"/> Homemaker <input type="checkbox"/> Retired <input type="checkbox"/> Self-employed <input type="checkbox"/> Student <input type="checkbox"/> Unemployed
Annual Income	£12,000
Time in employment	N/A

Credit report

Electoral Roll	Not Registered
Court Judgments	1 County Court Judgment
Open Credit Agreements	Personal loan (£800) 2 missed payments (last 12 months) Mobile phone contract 1 missed payments (last 12 months) Credit Card (£267) Defaulted (outstanding balance) Credit Card (£35) Pays at least 50% monthly
Previous Credit Applications (last 12 months)	Credit Card Store card Personal loan Credit Card
Additional Information	2 closed credit cards within the past 6 years Personal loan open for 4 years

What's the Score?



Credit Application Form

Title	Miss
Forename	Linda
Surname	Decision
Age (years)	24
Number of dependants	0
Marital status	<input type="checkbox"/> Married <input type="checkbox"/> Single <input checked="" type="checkbox"/> Cohabiting <input type="checkbox"/> Widow(er) <input type="checkbox"/> Separated/Divorced
Residential status	<input type="checkbox"/> Homeowner <input type="checkbox"/> Living with parents <input checked="" type="checkbox"/> Tenant
Time at current address	4 years 0 months
Employment status	<input type="checkbox"/> Full time <input type="checkbox"/> Part time <input type="checkbox"/> Homemaker <input type="checkbox"/> Retired <input checked="" type="checkbox"/> Self-employed <input type="checkbox"/> Student <input type="checkbox"/> Unemployed
Annual Income	£15,000
Time in employment	4 years

Credit report

Electoral Roll	Not Registered				
Court Judgments	No judgments				
Open Credit Agreements	<table border="0"> <tr> <td>Credit Card (£12)</td> <td>0 missed payments</td> </tr> <tr> <td>Car Loan (£87)</td> <td>0 missed payments</td> </tr> </table>	Credit Card (£12)	0 missed payments	Car Loan (£87)	0 missed payments
Credit Card (£12)	0 missed payments				
Car Loan (£87)	0 missed payments				
Previous Credit Applications (last 12 months)	Personal loan application Personal loan application				
Additional Information	7 closed personal loans Open credit card account for 7 years Always pays her credit card balance in full				

Score Calculator Answer Sheet

Score factor	Criteria	Points	Name			
Starting Score		60	Hugh Payments	Frank Account	Dee Fault	Linda Decision
Age	18-23	0				
	24-38	4				
	39+	9				
Employment status	Full time / self employed	10				
	Part time	8				
	Retired / homemaker	5				
	Student	0				
	Unemployed	-6				
Residential status	Homeowner	10				
	Tenant	0				
	Living with parents	3				
Electoral roll	Registered	7				
	Not registered	-2				
Court judgments	0	0				
	1+	-8				
Previous applications (last 12 months)	0	8				
	1	2				
	2	-1				
	3+	-3				
Missed payments (last 12 months)	0	8				
	1+	4				
Open mortgage account (not closed)	Yes	5				
	No	0				
Successfully closed accounts	0	-3				
	1+	0				
Default accounts	0	0				
	1+	-8				
Oldest open account	0-12 months	-3				
	13-60 months	0				
	61+ months	2				
Monthly credit card repayments	Always in full	6				
	At least 50%	0				
	None / minimum payment	-7				
Total borrowing on credit cards and loans (excluding mortgages)	£0-100	5				
	£101-2000	0				
	£2001+	-4				

Total Score				
Band				

What's the Score?

Personal loan offers and criteria

Red Quid Loans	
Loan Amount (5 years)	£5,000
APR	36.0%
Total repayable	£9,918.21
Criteria	
Minimum score: Very Poor	
No more than 1 defaulted account	
No more than 1 court judgment	
Minimum income £12,000	

Amber Cash	
Loan Amount (5 years)	£5,000
APR	13.4%
Total repayable	£6,770.95
Criteria	
Minimum score: Fair	
No more than 2 defaulted accounts	
No more than 1 court judgment	
Minimum income £15,000	

Yellow Financial Services	
Loan Amount (5 years)	£5,000
APR	8.6%
Total repayable	£6,112.99
Criteria	
Minimum score: Good	
No court judgments	
No defaulted accounts	
Minimum income £15,500	

Green Personal Loans	
Loan Amount (5 years)	£5,000
APR	3.1%
Total repayable	£5,398.18
Criteria	
Minimum score: Excellent	
No court judgments	
No defaulted accounts	
Minimum income £32,000	

Answer Sheet

1. What is the credit score for each of the applicants?

Name	Hugh Payments	Frank Account	Dee Fault	Linda Decision
Score				

2. What is the score banding for each of the applicants?

Name	Hugh Payments	Frank Account	Dee Fault	Linda Decision
Score Banding				

Score Range	Band
96+	Excellent
88-95	Good
72-87	Fair
56-71	Poor
0-55	Very Poor

3. What is the cheapest loan each applicant can qualify for?

How much interest will each applicant pay for their loan, on top of what they borrow?

Total Score	Hugh Payments	Frank Account	Dee Fault	Linda Decision
Lender (Name)				
Interest (£)	£	£	£	£



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