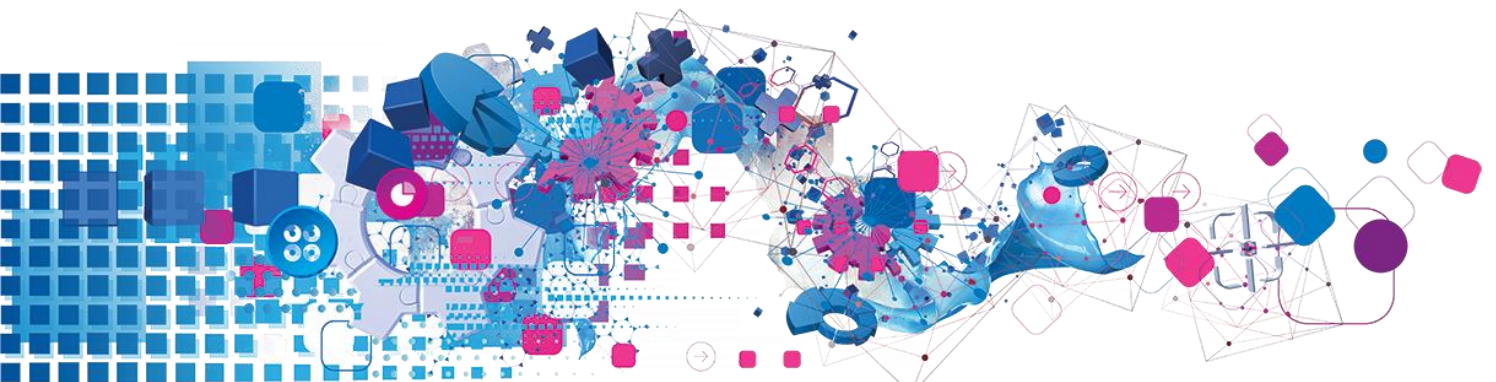




Active Without Updates

What is an Active Without Update (AWU), what can cause them and how they can affect data accuracy.

Version 1.2



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1. What is an Active Without Update?

Any existing records supplied to Experian's CAIS database will remain open until reported correctly as closed. It is expected that all open records will be supplied to us every month until the record is settled or defaulted.

An Active Without Update (also referred to as AWU) is an open record that has not received an update on the most recent input file and has not been correctly closed.

This means that the most up to date information we have received relating to that account is now at least one month out of date; although in many cases the AWU can remain open and un-updated for far longer causing out of date and incorrect information to be held for the account.

Incorrect data such as AWUs can have a negative impact on the consumer and to lenders. When data is incorrect it will always be a possible cause for queries and complaints but that is just one factor at play; if the error incorrectly increases an individual's credit score they might be eligible for credit products they can't afford and fall into debt from which they struggle to recover; if the error incorrectly decreases their credit score they might be refused loans or offered credit at an unfairly increased cost.

2. What Causes an AWU?

There are a few reasons why an AWU can occur, and these can be split into two groups. Firstly, an account that should be reported in the current file as an open account, or secondly an account that should have been closed or updated as a default.

2.1 Open accounts

2.1.1 Record not sent

One simple reason for an open account to be an AWU is that the record is no longer being supplied in the monthly data submission. Whether it has been removed deliberately or accidentally, the record no longer appears on the input file and has therefore become an Active Without Update.

The record not being included will cause the individual to see out of date data on their credit report as the most recently updated status will still show.

If the record has been removed accidentally then it needs to be reported as soon as possible with up to date information in order to continue the correct reporting of the account. If it was removed deliberately then the correct reporting method will depend on the reasoning behind the decision to stop reporting the record.

2.1.2 Record Rejected

A record can be included in the input file and still considered an AWU if it is rejected by our system during processing. Records can be rejected for many reasons including fields that contain conflicting information or formatting issues that our system cannot interpret.

These records would be seen in much the same way as if the record was not sent. The data held for that customer would continue to show at the point of last successful update.

The method for correcting rejected records will depend on the reason for the rejection itself, more broadly, the record will need to be manually amended on the database in order that the new update is valid and can be accepted, or submitted in the monthly submission in such a way that it can be accepted by our system and update the record on the database.

2.1.3 Invalid account number change

If a record has been submitted under one account number for the beginning of its reporting cycle but has since been submitted with a new account number without undergoing the correct account number change procedure, then the original will have become an Active Without Update.

The individual whose account this occurs on will then see two separate records on their credit report. One will show all of their payment data up to the point of the change after which it will remain as a AWU, the other will show only their reporting history after the change.

In this case the records would ideally be merged to show a continuous history for the account running from the start date to the last uploaded file. This is not possible to carry out through the normal manual amendments process. Please contact CAISConsultancy@uk.experian.com if you would like to discuss merging records.

2.1.4 Different joint account indicator

Like the above, if any change to the Joint Account Indicator (JAI) is required, it must be made by using the new account number field. This includes where a JAI is being added, removed, or changed.

When fixing AWUs it is vital that the correct solution is applied for the correct problem, if you're unsure, please contact the CAIS Consultancy Team.

2.2 Settled or defaulted accounts

2.2.1 Not submitted as a settled/defaulted record

Once a record is settled or defaulted it no longer requires a monthly update. If the final update to the file does not include the settlement or the correct default information, then the update may be rejected, without being closed on our system.

The data held for that customer would continue to show at the point of last successful update. This may include a balance or status codes indicating arrears, which have since been cleared, or it can show an open account where a default should be reported.

When reporting a close date or default date, it is ok for the date to reference a point earlier than the date of submission. In this scenario, the next submission can be used to backdate the record to the correct closed/default date; this method will leave '?' on the credit report for the missed reporting months. Please contact CAISConsultancy@uk.experian.com to discuss methods that do not include a '?'.

2.2.2 Settlement/Default rejected

If an update has been rejected, then the settlement/default will not be applied to the account and it will remain open on our system until it receives a subsequent update.

Like the closure never being sent, we will need to be supplied with a record that updates the account to its correct state. In this case, we may also require some investigation into why the rejections were occurring to ensure the result does not repeat in future files.

2.2.3 An open account AWU continues into default state

If a record has already become an Active Without Update before the point of settlement/default it will remain so unless updated correctly, or the record triggers an auto-closure after 6 consecutive months of non-update; this can be especially prominent in AWUs caused by account number change failure (2.1.3 and 2.1.4) as the account will remain open from before the account number change and will not be affected by closure or default of the second account.

The individual will still see the same open account on their credit report as it was before they settled the account. If there is a duplicate account due to an incorrect account number change then they may see the closed and updated account, but there will be no change to the AWU record.

The course of action here will depend on the exact nature of the cause of the AWU. If this may be the reason for AWU records on your account, please contact CAISConsultancy@uk.experian.com

2.2.4 Invalid reopening

After a settlement has been applied to an account it is possible to reopen the account. An update is then required each month as it will be classed as an open account. Without an update, the record will become an AWU.

The individual will not see that their account was ever closed, instead they will see the most recent update with any months between closure and the reopening shown as a dormant status.

If the account should not have been reopened, then it will need to be closed with the original close date applied. It is also advised to amend the record so that it is showing as closed on the original date. If this may be the reason for AWU records on your account, please contact CAISConsultancy@uk.experian.com

2.2.5 Unreported Deceased Accounts

Where a customer needs to be reported as deceased it is important that the record reflects the situation accurately and correctly otherwise it is possible that the closure and flag cannot load correctly creating an AWU.

While an unreported Deceased account is unlikely to affect the account holder, it is still important to ensure accurate reporting to prevent the records causing data quality issues. This is important as it can prevent fraud as well as assist other users of data.

Deceased accounts can be reported at any status code if last loaded as active, or status 8 if previously loaded as default. If there is still a balance outstanding that is expected to be paid then the account can remain open and reported each month, however, when the debt is no longer being collected the account must be closed.

Any time a close date is applied to a record more than a month after the last updated date, there will be a '?' implemented for each month. Contact us advice on how to avoid this issue.

3. Impact to Data Providers

Having AWUs on a portfolio will impact lenders in a variety of ways. As with any data quality issue, the impact will increase as the volume and the percentage of affected accounts increases. Below are some of the ways that AWUs can affect a lender.

3.1.1 Increase in queries and complaints

AWUs will cause the data on an individual's credit report to be incorrect, so if that customer then sees this information on their credit report, they are likely to raise a query. If the AWU has caused a negative effect to the individual's credit score it may escalate into a complaint.

3.1.2 Failure to process

In certain cases, loading delays can occur, especially where there is a noticeable increase in AWUs compared to previous months. Should we identify some unusual movement, we will contact you to discuss the matter. This can result in a replacement file being requested, or delays until a suitable resolution is agreed.

3.1.3 Masking reporting issues

As an AWU is a data anomaly and should not occur when reporting a CAIS file correctly, large volumes can indicate a wider reporting issue. Whether this is related to the reporting of defaults, joint accounts or settlements, these investigations can indicate that the current process of reporting certain situations is in need of improvement.

4. Impact to Data Subjects

4.1.1 Inaccurate credit report and lending

AWUs can lead to incorrect information appearing on an individual's credit report, such as duplicate accounts or incorrect payment history. This can have an impact on an individual's credit score, which can hugely affect their quality of life. If the error incorrectly increases their credit score, they may be eligible for credit they can't afford, which could lead to them falling into debt. Alternatively, if the error incorrectly decreases their credit score, they may be refused credit such as a loan or a mortgage or they may be offered credit but at an increased cost.

4.1.2 Auto-closure of long-term AWU records

If a record remains as AWU for 6 consecutive months, the record will be auto-settled using the date of last update as the closure date, the last known status code set to dormant (D) and last known current balance set to £0. The record no longer expects any further updates after this point but if reported as active again in the future, the record will reopen and backfill the missed months with the dormant (D) status code.

If you have a problem with Active Without Updates within your data or have a further query which this document has not covered, please contact CAISConsultancy@uk.experian.com