CREDIT RATING AND RECOVERING YOUR CREDIT

Most people who have ever considered a consumer proposal and/or bankruptcy have wondered about their creditworthiness. What you need to know is that credit bureaus collect information regarding the financial affairs of consumers and sell them to their clients, such as credit providers, employers and insurance companies.

Your creditors are the ones who determine your creditworthiness. Credit bureaus merely forward this information to their clients. Usually, information regarding your bankruptcy could appear in your file for a six-to-seven year period after you settle your debts and in the case of a consumer proposal, for a three-year period from the time the proposal is completely performed. In the event of a second bankruptcy, this period could be extended for up to 14 years. This period may vary from province to province. **It is the credit provider and not the credit bureau that decides whether or not to grant credit to a requester**. Credit is granted based on a point evaluation system, which is exclusive to each lender.

Unfortunately, there is no magic solution for recovering your credit rating or cleaning up your credit record and nothing can miraculously be erased. **Only the passing of time and good payment habits can make things right.**

Here's some advice:

Earning back the confidence of financial institutions

- make a budget and follow it
- open a bank account and deposit a certain amount of money in it
- take out a small loan or obtain a credit card with a sufficiently low limit by pledging the money you've saved as collateral
- use cash to pay for purchases whenever possible
- determine the non-monetary reasons for your financial difficulties and come up with a solution for them

Use credit wisely

If you would like to obtain credit, first check your finances to determine whether you can do so. Make sure that you have set aside enough money to pay the other necessary expenses once you've made the credit payments.

Have you got any questions? Do not hesitate to consult one of our Insolvency specialists.
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