

Your Credit Score

What it is and how to build it.



What Is a Credit Score and why Is It Important?

A credit score is a number that shows how good you are with money when borrowing. It's a way for lenders, like banks or mobile phone companies, to decide if they can trust you to pay back money on time. If you want a loan, mortgage, credit card, or even a phone contract, your credit score plays a big role.

A high credit score makes it easier to borrow money and often means you'll get better deals, like lower interest rates. A low credit score can make it harder to borrow, and you might have to pay more interest. But don't worry—there are ways to improve it!



Affordable. Flexible. Fair.

What affects your credit score?



Your credit score can go up or down depending on how you handle money. Here are some key things that affect it:

Repayment history

Paying bills on time helps your score. Late or missed payments can lower it.

Current debt

If you owe a lot of money, lenders might worry you can't handle more.

Credit use

Using only a small amount of your credit limit (30% or less) looks good. Maxing out credit cards can hurt your score.

Electoral roll

Being registered to vote helps confirm your name and address, which builds trust with lenders.

Credit applications

Applying for too many loans or credit cards in a short time can lower your score.

How to improve your credit score?



If your credit score isn't great, don't worry - you can improve it over time with these tips:

Pay bills on time

This is one of the best ways to improve your score. Use reminders or set up direct debits to avoid missing payments.

Use less credit

Try not to use more than 30% of your credit limit. For example, if your limit is £1,000, keep your balance below £300.

Register to vote

Join the electoral roll at your current address to help lenders confirm who you are.

Space out credit applications

Too many applications at once can lower your score, so apply for credit only when needed.

Check your credit report

Mistakes, like a wrong address, can harm your score. Check your report for free and fix any errors you find.

Be careful with joint accounts with others

If someone you share a financial account with has bad credit, it can affect your score too.

How to keep your credit score healthy



Once your credit score improves, it's important to keep it healthy. Here are some tips to maintain your score:

Avoid too much debt

Borrow only what you can afford to repay. If you struggle with payments, it could harm your score.

Keep an eye on your credit report

Checking your report regularly helps you spot any problems, like fraud or errors, before they get worse.

Limit credit applications

Space out applications to avoid looking like you're desperate for money. A good rule is to wait at least three months between applications.

Pay down old debt

If you have lingering debt, make a plan to pay it off. Clearing debt shows lenders you're responsible.

Stay at one address for longer

Lenders like stability, and frequent moves might make them worry about your ability to repay.

Why Bother Improving and Maintaining Your Credit Score?

A good credit score can make life easier in many ways.



Better rates for
Loans



Better rates for
Mortgages



Better rates for
Credit Cards

Lower interest rates save you money, and a higher score gives you more options for borrowing.



Buying a House



For example, if you're planning to buy a house, having a good credit score will make it **easier to get approved for a mortgage**. You might also qualify for a **lower interest rate**, meaning **smaller** monthly payments.



Keeping your score healthy can protect you in the long term, too. It makes it **easier to borrow** for emergencies, like fixing a car or covering unexpected bills.

Final Thoughts

Improving and maintaining a good credit score takes time, but it's worth the effort. Pay your bills on time, keep your credit use low, and check your credit report regularly to catch mistakes or fraud. Small steps like these can make a big difference over time, giving you access to better financial opportunities and saving you money in the long run.

Start today,
and give your future self
the gift of financial freedom!

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