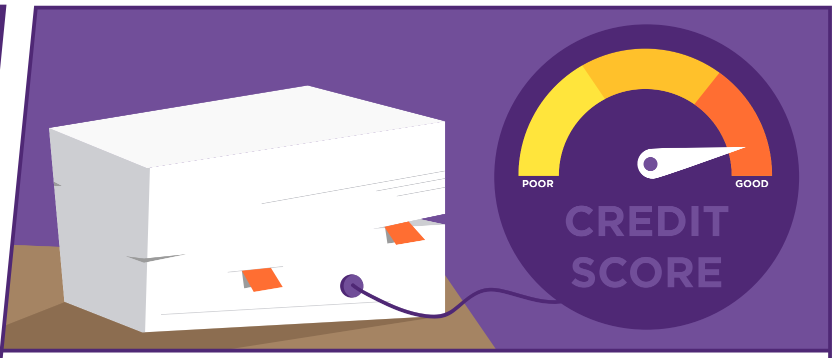
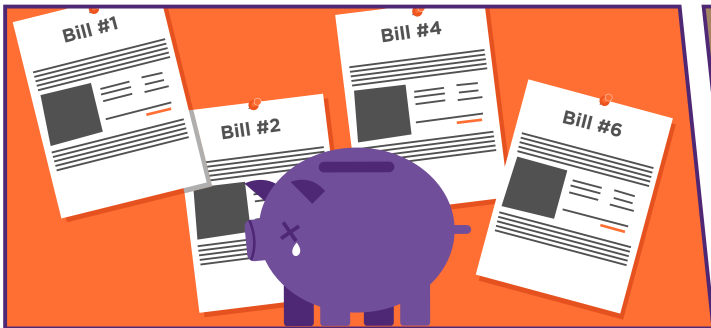
What is a credit rating?

A credit rating is an assessment or judgment of how likely you are to pay money back if you borrow it. A credit report contains information about your credit rating.



Once you start paying bills and/or borrowing, you'll start building up a credit file that can show how much you've borrowed and whether you make regular payments on time, for example, on your credit card, After pay, car finance or mortgage. Your internet and power payments can be recorded as well.



A credit report is a record of any bill or loan payment you haven't paid for more than 30 days and if the lender has had to take steps to get you to pay it. When you miss a bill or mortgage payment, you can get a negative score that can stay on your credit record for five years. This can affect your ability to borrow money or get credit.

Lenders usually check your credit history when you apply for credit, whether it's a personal loan, a car loan, a mortgage or a new credit card. Phone and power companies might also check your credit rating. Potential landlords can also check it.

This can have big consequences. For example, a bank might decide not to lend you money that you need, or they may charge you higher interest to cover the risk that you won't be a good borrower.

The good news is that having a big student loan doesn't affect your credit rating. But if you're not managing your financial responsibilities well as a student and end up taking on other debt that you can't manage, it can have a long term impact.