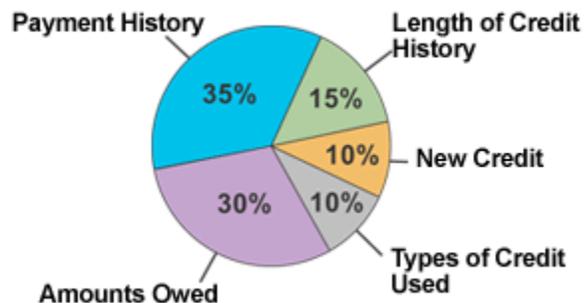


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## What's in Your Beacon Score

Beacon Scores are calculated from a lot of different credit data in your credit report. This data can be grouped into five categories as outlined below. The percentages in the chart reflect how important each of the categories is in determining your score.



These percentages are based on the importance of the five categories for the general population. For particular groups - for example, people who have not been using credit long - the importance of these categories may be somewhat different.

### Payment History

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- Account payment information on specific types of accounts (credit cards, retail accounts, installment loans, finance company accounts, mortgage, etc.)
- Presence of adverse public records (bankruptcy, judgements, suits, liens, wage attachments, etc.), collection items, and/or delinquency (past due items)
- Severity of delinquency (how long past due)
- Amount past due on delinquent accounts or collection items
- Time since (recency of) past due items (delinquency), adverse public records (if any), or collection items (if any)
- Number of past due items on file
- Number of accounts paid as agreed

### Amounts Owed

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- Amount owing on accounts
- Amount owing on specific types of accounts
- Lack of a specific type of balance, in some cases
- Number of accounts with balances
- Proportion of credit lines used (proportion of balances to total credit limits on certain types of revolving accounts)
- Proportion of installment loan amounts still owing (proportion of balance to original loan amount on certain types of installment loans)

### Length of Credit History

- 
- Time since accounts opened
  - Time since accounts opened, by specific type of account
  - Time since account activity

#### New Credit

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- Number of recently opened accounts, and proportion of accounts that are recently opened, by type of account
- Number of recent credit inquiries
- Time since recent account opening(s), by type of account
- Time since credit inquiry(s)
- Re-establishment of positive credit history following past payment problems

#### Types of Credit Used

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- Number of (presence, prevalence, and recent information on) various types of accounts (credit cards, retail accounts, installment loans, mortgage, consumer finance accounts, etc.)

Please note that:

- **A score takes into consideration all these categories of information, not just one or two.**  
No one piece of information or factor alone will determine your score.
- **The importance of any factor depends on the overall information in your credit report.**  
For some people, a given factor may be more important than for someone else with a different credit history. In addition, as the information in your credit report changes, so does the importance of any factor in determining your score. Thus, it's impossible to say exactly how important any single factor is in determining your score - even the levels of importance shown here are for the general population, and will be different for different credit profiles. What's important is the mix of information, which varies from person to person, and for any one person over time.
- **Your FICO score only looks at information in your credit report.**  
However, lenders look at many things when making a credit decision including your income, how long you have worked at your present job and the kind of credit you are requesting.
- **Your score considers both positive and negative information in your credit report.**  
Late payments will lower your score, but establishing or re-establishing a good track record of making payments on time will raise your score.

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Your credit questions answered - in our Credit Education Centre.

## Equifax Credit Education Centre

Learn more about your credit and let Equifax answer your credit questions.







Selecting the options above will allow us to provide you more information related to your area of interest.

## Credit Score Basics

[What is a credit score?](#)
[How do lenders view my score?](#)
[What is used to calculate my score?](#)
[Will inaccurate information in my credit report affect my credit score?](#)
[What can I do to improve my credit score?](#)

### What is a credit score?

A credit score is a statistical formula that translates personal information from your credit report and other sources into a three-digit score. For example, when you fill out a loan application, pieces of information from the application along with information from your credit report will be used to compute a score that indicates to the lender the statistical probability that you will become delinquent on the loan.

Some scores that lenders use are based strictly on the data in your credit report; these are known as "bureau scores". The most widely-used bureau scores in Canada were developed by Fair, Isaac and Co., headquartered in San Rafael, California.

It is important to understand that a credit score is only one criterion that a lender will use in making decisions. For example, in mortgage lending, the lender will take into account the property being purchased and the homeowner's equity. Many lenders look at their relationship with the customer, which may include other financial services. Each lender will have its own policies and you should feel comfortable asking a credit institution about these. Our work with credit grantors has shown us that most lenders want their customers to have a better understanding of their lending processes.

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### How do lenders view my score?

Your credit score is an important indicator of your creditworthiness. In general, the higher your score, the lower the probability that you will become delinquent on credit extended to you. And while many lenders use bureau scores to help them make lending decisions, each lender will base its decision on more than just the score.

Lenders use your credit score to determine if you are a good candidate for credit and likely to pay your bills. In the event of bankruptcy, it will also help them determine what

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type of repayment plan is best for you.

Because your credit report is updated every day, your bureau score is recalculated continuously. So your credit score from a month ago is probably not the same score today.

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### What is used to calculate my score?

- Payment history - Indicates whether you have made your credit card payments, loan payments and other payments on time
- Amounts owed - Compares how much you owe to your credit limits with various lenders
- Length of time in file - Indicates how long you have had credit accounts
- New credit - Shows how often you are looking for new credit and how you handle accounts you have recently opened
- Type of credit - Considers the type of loans you have - car loans, lines of credit, credit card balances

\*Note: Any Mortgage information that may appear in your credit report is not used to calculate your credit score.

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### Will inaccurate information in my credit report affect my credit score?

This will depend upon what information is wrong. If the inaccurate information is used as part of the score calculation, your score will be affected. The majority of information used in the score calculation is found in the Credit Information, Public Record and Collections sections of your credit report.

We encourage all consumers to request and review their credit report on a regular basis. By doing this, you can ensure that your report contains information that accurately reflects your credit history. You have the right to dispute any discrepancies by immediately notifying the credit reporting agency. We want to ensure that your credit report is as accurate as possible and will work with you to resolve your issues. Click here to download the [Consumer Credit Report Update Form](#), which is used to correct inaccuracies. You can fax or mail the completed form to the address below:

National Consumer Relations  
Equifax Canada Inc.  
Box 190  
Station Jean-Talon  
Montreal, Quebec  
H1S 2Z2  
Facsimile: (514) 355-8502

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### What can I do to improve my credit score?

Pay all of your bills on time. Paying late, or having your account sent to a collection agency has a negative impact on your credit score.

Try not to run your balances up to your credit limit. Keeping your account balances below 75% of your available credit may also help your score.

Avoid applying for credit unless you have a genuine need for a new account. Too many inquiries in a short period of time can sometimes be interpreted as a sign that you are opening numerous credit accounts due to financial difficulties, or overextending yourself by taking on more debt than you can actually repay. A flurry of inquiries will prompt most lenders to ask you why. However, most scoring formulas will not penalize you if, for example, you are shopping for the best mortgage rate or the best car loan.

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