

Maximise your chances when applying for loans

You are not alone if, like many UK consumers, you are anxious to consolidate your financial situation to fend off the anticipated hard times ahead. But, do you realise just how important your personal credit rating is when it comes to applying for mortgages or loans?

Financial institutions are becoming increasingly reluctant to lend to anyone with a damaged credit record, so it is advantageous to make sure you are fully clued up before you attempt to apply for any form of credit. You will be much better placed to sort out your finances by being totally aware of your overall credit worthiness.

Ensuring you get the best deal on the market is a two-pronged approach. Of course, you must do your homework and shop around to get the best rate before applying for any new mortgage or loan, but it's not just about finding the right product at the right price. You must also ensure that your credit report is accurate and that, if you do get turned down for a loan it is because of the lenders rigid lending criteria and not because of some erroneous information on your credit report.

First, make sure that you are on the electoral register. If you have not registered to vote then lenders will not be able to easily verify that you live at the address you have given on their application form. If in doubt contact your local council and ensure that you get on the register of electors.

Next, check your credit report for errors. It's easy to get your [free credit rating](#) from various sites on the internet, or you can write to one of the UK's major credit agencies to get a printed version. Once you receive your report, read it thoroughly and check that everything is correct.

Each credit report contains a section that shows your financial associations with others such as a joint mortgage or loan. Lenders may look at the commitments and credit reports of your financial associates when you apply for credit, so it is important that they are up-to-date; you do not want to be penalised for the financial problems of others.

Also, every time you apply for any form of credit, searches or footprints are left on your personal credit report. Lenders will mark down your application if there are too many searches on your record, as they will believe that you are over-stretched or even that a fraud is being planned. Make sure any searches recorded are legitimate, and take steps to get them removed if they are not.

There may be other errors on your report, such as lenders or utility companies mistakenly recording items that do not relate to you. If there are such errors contact both the credit agency and the lender or utility that has recorded the item on your report to get it removed.

Once you are happy with the information on your credit report you can then apply for loans safe in the knowledge that you have done all you can to maximise your chances of being approved.

About the Author

Andrew Regan is an online, freelance author from Scotland. He is a keen rugby player and enjoys travelling.

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