

Better credit service 'for public to decide'

By [Isaac Davison](#)

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The public need to choose whether they are willing to release more personal information to allow better credit practices, say privacy experts.

Submissions are being called for on proposed changes by the Privacy Commissioner to the way credit information is reported.

The commission has proposed that credit agencies be able to collect a much wider range of information, which would allow a more complete picture of a person's creditworthiness.

Commissioner Marie Shroff has acknowledged the increased risk to the consumer and has suggested new safeguards, including the cross-checking of credit information with driver's licences.

Auckland privacy lawyer Tim McBride said more comprehensive reporting brought new levels of intrusiveness into people's lives when they sought credit.

But he gave the "benefit of the doubt" to the privacy checks.

"The safeguards have to be meaningful, and the Privacy Commissioner has recognised that. Australia has done research in [using driver's licences] and they have confidence it could be made to work."

He noted the commissioner's proposal that handing over your driver's licence would be voluntary.

Under the current system, credit reporters can access only the negative picture of someone's credit history – bankruptcies, credit defaults, and judgments. If someone receives a bad credit rating, it stays on their file for five years.

New Zealand Federation of Family Budgeting Services head Raewyn Fox said forgoing some privacy to allow more transparent credit records was a worthwhile tradeoff.

She had seen many "tragic" cases where people had struggled to get credit because of a minor infringement, often brought on by redundancy or illness, or financial mismanagement which was not their fault.

"Somebody that makes one stuff-up financially is excluded from the responsible lending market forever and a day."

For example, a student responsible for the phone bill in a flat in which one person did not pay could end up with a bad credit rating. He might try to buy a car with credit four years later but would be penalised for something that was not his fault.

Veda Advantage managing director John Roberts was "absolutely confident" that the proposed safeguards would protect clients' privacy.

Mr Roberts supported the path Ms Shroff was taking, but said his company wanted even more information made available to credit reporters.

The commissioner's proposed changes include allowing credit agencies to collect information on the type of credit account a person has, the limit on each account, who is providing the credit and the status of the account. Mr Roberts said two further fields – payment history and current balance – should be made available to credit agencies.

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