



# Credit referencing and the electoral register

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# Agenda

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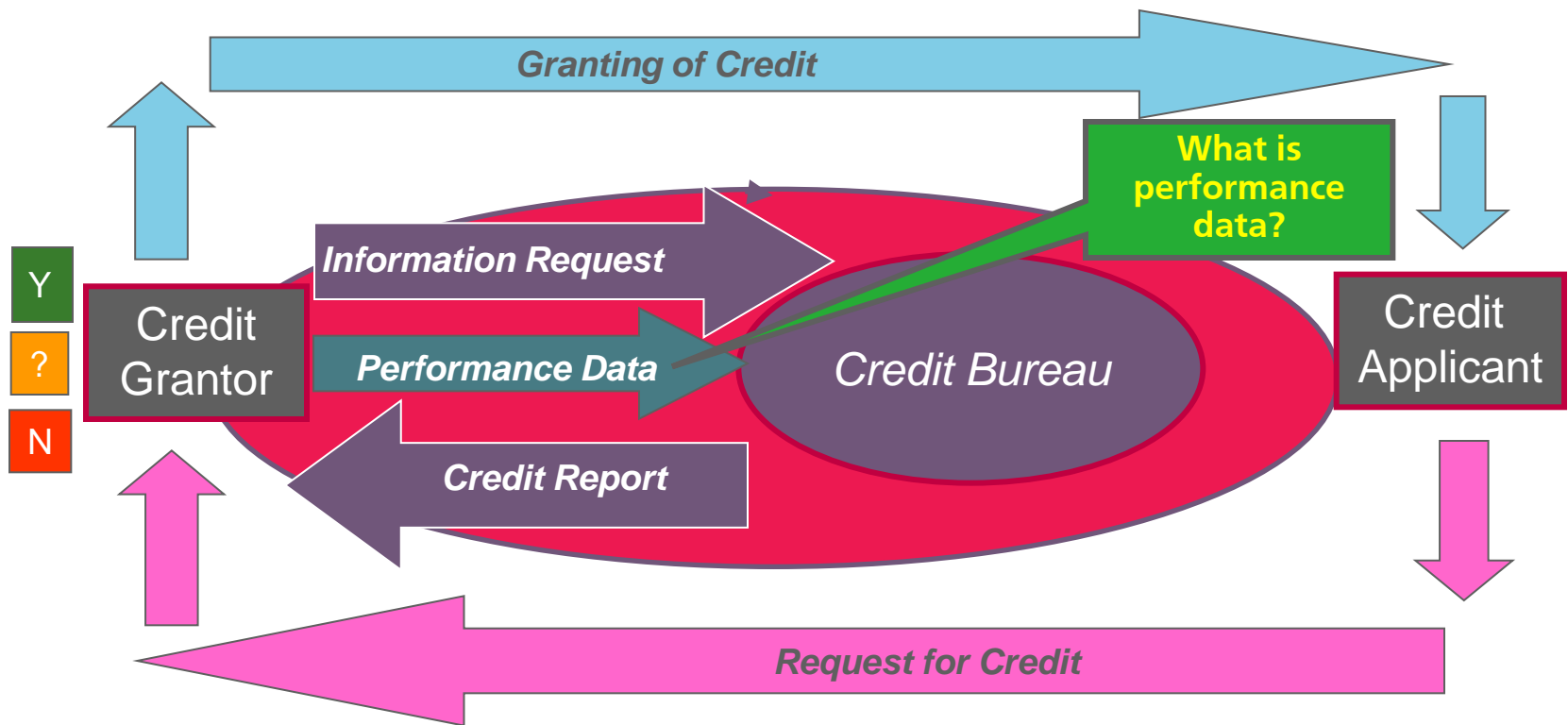
- Credit reference agencies in the UK
  - The Law that covers them
  - The “real” CRAs – what they do and how they operate
  - How we use the registers
    - Full
    - Edited
    - The problems with the current system
  - The consultation
    - What we think about it
  - Data Quality
    - the discrepancies, mismatches and complaints
    - the causes
    - the remedies

# The law and credit referencing

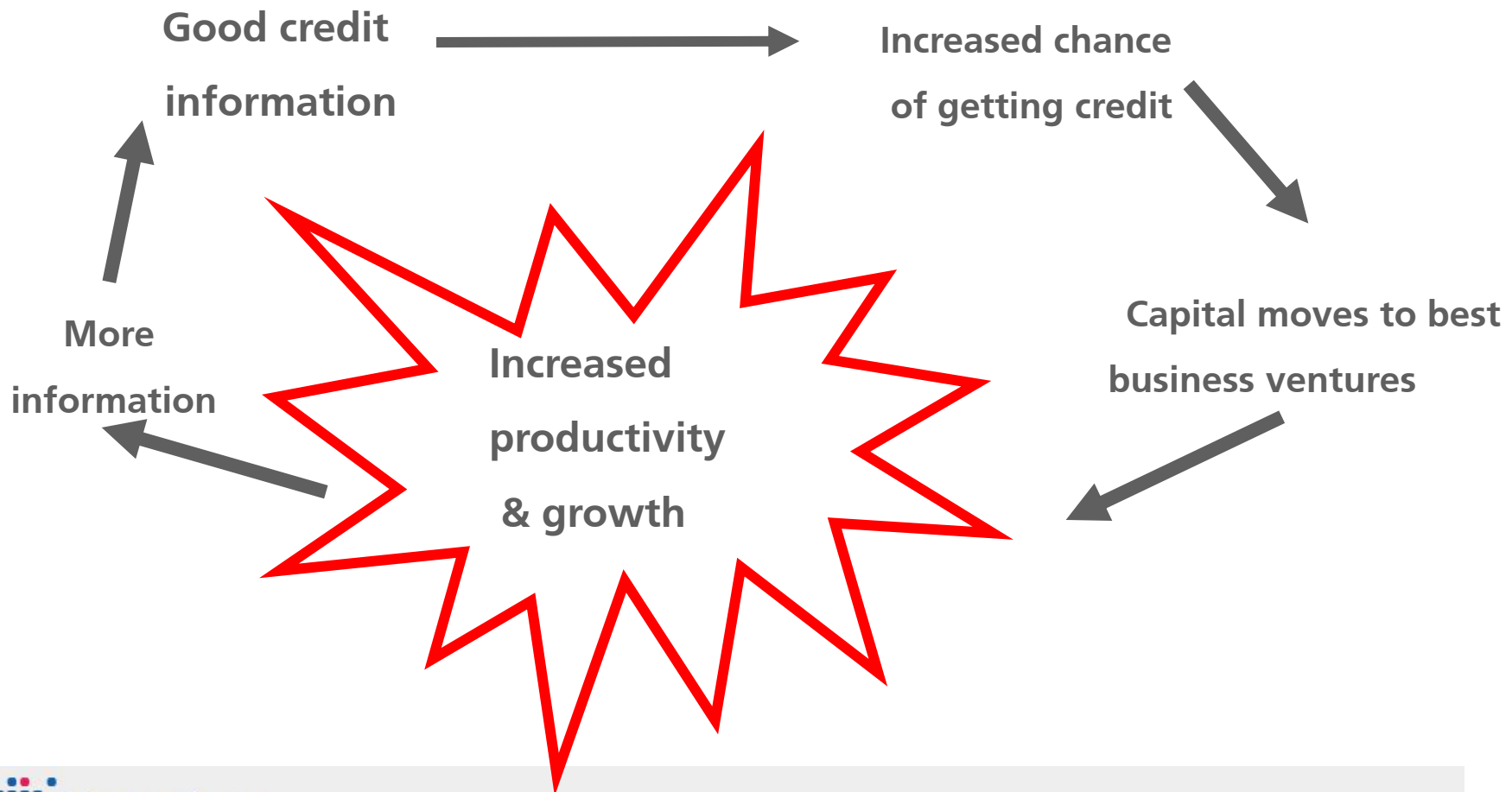
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- Legal definition first appears in the Consumer Credit Act 1974
  - ◆ All CRAs require a Consumer Credit Licence
  - ◆ Over 100k have a licence covering credit referencing
- Same definition is used in the Representation of the People Act
  - ◆ Clearly CCA licence not an adequate test
- Refined in the Companies Act 2006 to
  - “ carrying on in the United Kingdom or in another EEA State .... a business comprising the furnishing of information relevant to the financial standing of individuals or businesses, being information collected by the agency for that purpose”
    - ◆ For the CA licencing is required
      - ▶ A number of “tests” to be met

# So what is a Credit Reference Agency ?



# World Bank Doing Business Reports 2006 - 2009





# Experian and the other major credit reference agencies in the UK

# The Experian Consumer Credit Bureau

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- Created early 1980s Public Data - several thousand clients
- Electoral register
  - Since early '80s
  - Holds over 1.3bn records
  - > 46m added annually
  - Updated monthly – processing c2m pa
- County court judgments – c 5m
- Other public data e.g. bankruptcies, Individual Voluntary Arrangements – c850k
- Credit data - CAIS closed user group – 439m

As at November 2009

# Who operates like this and what is different about them?

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- Only Experian, Equifax and Callcredit for consumers [as confirmed on just about every govt advice website]
- Experian, Equifax, + 3 others for commercial
- CCL and registered with ICO as CRAs
- Hold combination of
  1. full range of public credit related data and
  2. a private shared database from lenders
- Offer a consumer file service under sections 7 & 9 of DPA costing £2.00
- In regular discussion with BIS on nature and manner of operation
- Open client account under strict controls
  - ◆ Checks
  - ◆ Visits
  - ◆ Contracts

# What do the rest do then?

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- Third party access to existing providers [the credit reference agency / checkmyfile.com]
- Operate limited “credit” databases from the public register e.g. bankruptcies [Crediva]
- Offer Anti Money Laundering checks via the www using either the full (if they can get it) or edited electoral register [ 192.com]
- A member restricted and niche database for credit grantors [Teletrack]
- Although their licence covers CRA activities they do not offer them e.g. many banks have a CCL that covers this service

# The Representation of the People Act and the Supplementary Regulations 2002

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- Creates 2 registers - full and edited
- Section 114 permits CRAs to purchase the full register for limited purposes
  - ◆ credit assessment including fraud prevention at application
  - ◆ ID checks for prevention of money laundering
  - ◆ statistical analysis
- Any other purpose may only use edited data = c 54% of the file
- But what is a CRA?
  - ◆ CCL not enough – remember those 100k+?
  - ◆ DPA registration? – at last count less than 5
  - ◆ Should hold register securely
  - ◆ Only provide data from it to verified parties

# The Electoral Register - the plus and minus

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- Evidence of residence - most comprehensive record available
- Evidence of household composition
- Evidence of marital status
- entry level information for excluded groups

but

- address sometimes differs – explore this later
- some disaffected groups do not register
- inadequate records result in some groups not being invited to register
- foreign nationals often excluded

# The edited register – why is it important?

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1. Address verification to confirm the existence of a residential address
2. On-going (i.e. post application) credit or deposit account crime and/or fraud investigations.
3. On-going (i.e. post application) credit account management.
4. Identification and verification of people (and their residency) when applying for services that are not covered by prevention of money laundering regulations, e.g. hiring of goods, online services, joining a library, etc.
5. Identification and verification of people and their residency when applying for online services or over the telephone.
6. Verification of job applicants in the private sector.
7. Verification of prospective property tenants.

# The edited register – why is it important?

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8. Identification of the current occupier in the event , for example, of non-payment a water bill to enable the supplier to communicate with the debtor and, if necessary, commence proceedings.
9. Tracing and verifying residence of absconders who have left a previous address without paying their debts.
10. Tracing beneficiaries such as pensions, insurance or royalties, e.g. authors
11. Removal of people no longer at an address (because they have moved or died) preceding any kind of communication activity. This might be marketing but could be other activities such as a local authority informing residents of a new service.
12. Post Offices checking the addresses of badly-addressed mail.
13. Checking occupancy details for TV licence processing and action in event of failure to pay.
14. Creation of lists for marketing

# So what do we think about it?

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- In the UK we have no ID system so we use alternatives
- Love it or hate it the ER is the next best thing
- Use of the ER helps consumers and businesses in many ways
- The advent of the www created new challenges and risks
- It must be used responsibly
- We believe consumers should have choice and options
- But it (the ER) and they (consumers) also need protection
- A responsible and pragmatic outcome is required
- We recognise the concerns of AEA members and want to work with you
- The current position is not sustainable but neither is a total ban....

# And now for the hot potato – data quality

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- You think our data quality is dubious and we think there are problems with yours too .....
- Why are there differences
  - ◆ Lack of “official” address register
    - ▶ ER
    - ▶ PAF
    - ▶ LA records
- How does our matching work and why
- Examples
  - ◆ VR list address as: 141, Samuel Lewis Buildings, Liverpool Road, London, N1 1LH
  - ◆ PAF list address as: Flat 141, Samuel Lewis Trust Dwellings, Liverpool Road, London, N1 1LH
  - ◆ PAF and VR disagree over name of building. This effects all flats, 148 in total.

# And now for the hot potato – data quality

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- Examples
- VR previously listed address as: Brookfield Farm House, Cowley, Lower Ruele, Stafford, ST20 0BG
- Now updated to: Brookfield Farm, Church Eaton Road, Church Eaton, Stafford, ST20 0BG
- PAF lists address as: Brookfield Farm, Lower Ruele, Church Eaton, Stafford, ST20 0BG
- VR and PAF disagree over location and name of property, some amendments applied but still does not correlate. Issue affects 7 properties who have various combinations of street names and districts applied to them by Local Authority.

# What to do?

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- We have dedicated matching teams in place to analyse queries and recommend areas for improvement.
- Developments to improve Data Quality as part of our on-going Data Strategy plan.
- We work closely with our Consumer Helpdesk who receive the queries from Consumers.
- We need to work together on this to understand where there are instances when you have provided the Elector details but we have not matched so we can pass onto our dedicated match teams.
- We want to hear from you when there is a mismatch between your submissions and what the Elector sees from a our Products.
  - ◆ Our Contact Details for this is our dedicated VR team is:-
    - ▶ [Co.Datapurchase@uk.experian.com](mailto:Co.Datapurchase@uk.experian.com) or 0115 9768458

# Questions?

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