

TOO THIN TO SAVE? As Bank of England rate drops to 1%, beleaguered savers look for the best place to put their money - but Equifax warns that lack of information on credit files could be a barrier

Submitted by: Harrison Sadler

Friday, 6 February 2009

London, February 2008 – With interest rates on savings accounts at an all time low, many people may be thinking about moving their money to a new account to get the best return. But leading instant online credit information provider, Equifax, is warning that some consumers may be suffering from ‘thin file’ syndrome which could make it difficult for them to open new savings accounts.

When anyone wants to deposit a sum of money or open a new account, they are required to undergo an Anti Money Laundering check as part of the Anti-Money Laundering Regulations designed to stamp out this criminal activity. This is designed to verify the individual’s identity and usually comprises three pieces of information – one piece that is Government based such as the electoral roll correspondence, the individual’s Passport, Court Correspondence or Driving Licence and two other pieces that are based on the individual’s financial activity, such as credit card accounts, utility accounts, etc linking the individual to their address. Many organisations do these checks online, using credit information as a key source.

‘Thin file syndrome’ means there is too little data on an individual’s credit file, which makes it difficult for banks, building societies and other financial services providers to confirm their identity. In particular, Equifax believes the younger and older generations could be most affected and is offering advice on how to tackle the problem.

“Thin files are credit files with not much information on them, which could have a negative impact on individuals trying to start a new savings account,” explains Neil Munroe, External Affairs Director for Equifax. “The thin file syndrome is most likely to affect people between 18 and 20, who have only just entered the credit market or those in their 60’s and 70’s who may not have been very credit active previously. However, they are probably two of the key groups who would want to make the most of any savings they have at the moment by finding the best savings account.

“Indeed, we have helped a number of people in their 60’s and 70’s in recent months who have had difficulty opening new savings accounts because their have not been very credit active in the past. For some organisations their automated systems will decline a savings account application if they can’t make the identity verification electronically. It’s important for savers to realise, therefore, that this could be a barrier and they should have documentary evidence to back up their application, such as utility bills, etc.

“We also suggest that anyone thinking of setting up new savings accounts gets a copy of their credit file before they make any applications”, continued Neil Munroe. This will enable them to assess whether there is enough information on their credit file for a bank or building society to verify their identity automatically. And if there isn’t they will know from the outset that they need to provide further documentary evidence of their identity to avoid their application being rejected.

“The Equifax Credit Report is available online at www.equifax.co.uk and allows an individual to see

exactly what bank or building society sees. With access to their credit file, consumers can also address any inaccuracies, ensuring that all their current credit agreements are on file and all information is correct. And if an individual's application for a new savings account is declined, they should ask the bank or building society why and check their credit file.

“Many consumers will be looking around for ways to make their savings work harder, but anyone who suspects they may have a thin file, should apply for their Equifax Credit Report before shopping around.”

END

For further press information please contact: Elinor Puzey, Louise Fowler, Cecile Stearn or Wendy Harrison at HSL on 020 8977 9132 / Fax: 020 8977 5200 or Email: elinor@harrisonsadler.com