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CCI Articles

CIBIL Score: All About Individual Credit Score



CA Pradeep Kumar Rajput

on 15 October 2019

Whenever an individual approaches a bank/financial institution to avail loans or credit card, the bank will be concerned about the repayment capacity of the individual. The repayment capacity can be traced from the loan or credit card repayment history of the individual.



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Credit information companies (CIC) provide such credit information about individuals and assigns ranks to them based on their past repayment track record. Banks and other financial intuitions can use this data while offering their financial services to an individual.

For the regulation of credit information activities, there is the Credit Information Companies (Regulation) Act, 2005 (CICRA) and the different instructions issued by the Reserve Bank of India and which is binding for the Credit information companies as well as for financial institutions.

At present there are four Credit Information companies:

1. CIBIL: TransUnion CIBIL Ltd
2. EQUIFAX: Equifax Credit Information Services Pvt Ltd
3. EXPERIAN: Experian Services India Pvt Ltd
4. CRIF High Mark: CRIF High Mark Credit Information Services Pvt Ltd

Normally the credit report of an individual contains the following details:

1. Name of the individual and his credit score.
2. Accounts detail classified into open, closed, Delinquent and Derogatory.
3. Total balance outstanding in all the loan and credit card accounts
4. Total monthly obligation.

5. All the addresses provided while availing the different loan facilities.
6. All the contact details provided while availing the different loan facility.
7. Comprehensive details of all the loan accounts namely:
 - a. Date of opening,
 - b. Lender Name,
 - c. Account Number,
 - d. Account Status,
 - e. Last reporting date by the lender,
 - f. Sanction amount,
 - g. Current balance and
 - h. Amount overdue.

8. Individual account details with the following fields namely

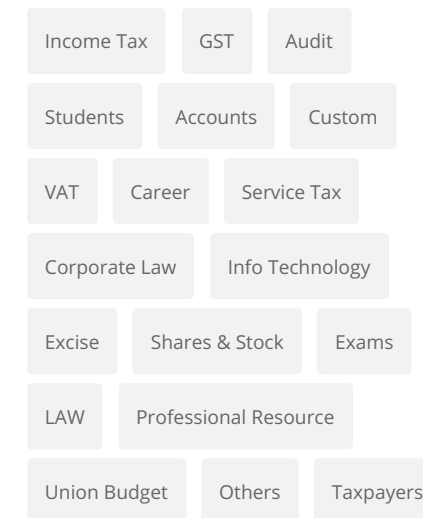
- Types of Loan,
- Lender name,
- Account Number,
- Opening date,
- Closing date,
- Last reported date,
- Account status,
- Highest credit,
- Current balance,
- Last payment date,
- Credit limit amount,
- EMI amount,
- Total Write Off amount,
- Principle Write Off amount,
- Settlement Amount; and
- Payment history highlighted in a different color like green (regular) and Red (delay/ non-payment)

Conclusion/Concerns:

All the banks and financial institutions are under an obligations to provide the periodic details of their borrowers in a prescribed format to the Credit Information Companies (CIC's).

The purpose of all the above mechanism is to promote healthy credit flow in the economy. As if the individual commit some payment default the information gets updated with the Credit Information Companies (CIC's) and the same start reflecting on their credit history and then it became very difficult for the defaulting individual to avail the loan facility from any other bank financial institution, as the CIC's downgrade that particular individual credit rating.

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The credit flow start deteriorating when there is a dispute between the borrower and the bank regarding the payment of EMI's and other dues due to any reason like excess charging by the bank or any kind of dispute between the bank and the borrower. The bank normally keep on reporting the unpaid amount with the CIC's and the credit score of the individual keep on going down causing undue hardship to that individual. Normally, the banks are at a position to take advantage of such kind of situation as they impose very high charges in the case of non-payment and it's the individual who has to go through a tough time and financials position during this kind of situation.

What can be done in the above case, we shall be discussing in the next article on this issue.

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