

The Rental Exchange Questions and Answers

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We have prepared this document which we hope will answer any questions you may have, please click on the links below to find out more. However, if you have a question that has not been answered here or would like to know more about the Rental Exchange, please email sarah.forster@bigissueinvest.com or nicola.stopforth@uk.experian.com and we will come back to you as soon as possible.

Background

Big Issue Invest (BII) and Experian have partnered to tackle the financial, digital and social exclusion challenges faced by social housing tenants in the UK. BII and Experian will be working with housing associations, local authorities and key stakeholders across the public, private and voluntary sectors to collect up-to-date rental payment information on tenants living in social housing and feeding this data into the Experian Rental Exchange.

The impact of Welfare Reform and the continued economic challenges we face in the UK make this initiative more relevant than ever before. However, data is required en masse to truly make this work. The more data that starts coming into the Rental Exchange, the sooner we can work towards building tenants credit scores and ultimately enable access to more affordable credit. Our aim is that data will start to be incorporated into credit scoring early 2014.

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What is the Rental Exchange?

The Rental Exchange is a 'ring-fenced' secure database which holds rental payment information. It has been discussed with the Information Commissioner's Office to ensure it complies with the letter and spirit of the Data Protection Act 1998. The information will allow tenants with a 'thin file' - a history of little or no credit - to build a credit score. The database can be accessed by lenders and other service providers when a tenant applies for a loan or service that requires a credit check or proof of identity, something that is becoming common-place for both private and public sector transactions

Why has it been set up?

Millions of social housing tenants in the UK face financial, digital and social exclusion. One major cause of this is an information gap in their credit history which can exclude low-income people from affordable credit. They are more likely to be declined or pay a higher price for credit and other basic goods and services. Addressing this has been a key agenda for BII and a number of like-minded organisations for several years. The Rental Exchange supports BII's mission is to give people *'a hand up, not a hand out'*.

What is a credit file and why is it important?

Anyone who is over 18 and has ever taken out credit is likely to have a credit report, held by a Credit Reference Agency. Experian is the world's leading CRA. It's a personal history of the credit an individual has had, including mortgages, credit cards and even mobile phone contracts or utility bills. Many social housing tenants have a 'thin file'. This means there is very little information about an individual's financial history or circumstances – making it hard to prove identity or reliability as a payer and access benefits and services that mainstream society has come to regard as 'the norm'. The Rental Exchange will open up new channels and services to social housing tenants, giving fairer access without the time-consuming need to provide paper-based evidence of identity or financial commitments

For more information on what a credit report is and what sort of information is on there, visit <http://www.experian.co.uk/consumer/what-is-a-credit-report.html>

Who will benefit from it?

Initially, the Rental Exchange will focus on supporting tenants in social housing, where the need is greatest. The longer term aim is to support the wider and expanding rental market in the UK – which includes other low income groups who may be excluded in a similar way. Experian will provide this service to private landlords and individuals to help everyone in rented accommodation build their credit profile, and help landlords better understand their tenants and to identify and help those under financial stress.

How will it work?

While information about mortgage payments is included on credit reports, rent payment information currently isn't. This means that tenants who make their rent payments on time are unable to have this positive information registered on their credit report. The more positive information on a credit report, the

more likely an individual is to access credit, goods and services, and be able to prove their identity. A person's address is the first step in proving they are who they say they are.

Social housing providers will provide a regular feed of required and actual payment data about tenants' rent payment performance into the Rental Exchange. The Rental Exchange will offer a secure and compliant way to include a tenant's payment history in their credit file, strengthening their credit history and helping them qualify for more and lower-cost payment plans. The data will only be accessed when the tenant applies for goods or services where a credit or identity check is made through an organisation using Experian's database.

Experian processes significantly more transactions of this kind in the UK than any other organisation, giving the tenant the best chance of their data being available to support their application. When the tenant makes an application they are notified that such a check will be made, as would any consumer when they go to purchase certain goods or services. For example, this extends to tenants having the option of better tariffs on their utilities' bill based on their credit file. This enhanced view of repayment history will improve the ability of lenders to treat all customers fairly, with more accurate lending decisions based on a deeper understanding of the individual, as is increasingly required by regulators.

How will it benefit tenants?

The Rental Exchange will enable tenants to build a positive credit history and 'online' proof of identity – increasingly important when applying, for example, for goods and services such as, a utility supplier, a mobile 'phone provider or when online shopping.

When will tenants start to see the benefits

The more data that starts coming into the Rental Exchange, the sooner we can work towards building tenants credit scores and ultimately enable access to more affordable credit. Our aim is that in agreement with the credit industry, data will start to be incorporated into credit applications early 2014.

Tenants will be provided with full information and support services to explain how credit reports are used via their landlord.

What about data protection?

Any access to the data will comply with the requirements of the Data Protection Act 1998 (DPA). Experian and BII have been in discussion with the Information Commissioner's Office (ICO) to ensure sharing of rental payments is fully compliant and fair to the tenant. The unequivocal benefit to tenants is recognised by DPA 'legitimate interests' provisions (DPA 1998 Sch2 para 6). The Rental Exchange is based on protecting tenants' data while at the same time enabling them to ensure organisations can use this data to support their application.

The ICO recognise that tackling social, financial and digital exclusion issues through enabling tenants to use their information in a way that helps them is not something that should be prevented by the DPA, subject to tenants being provided with a very clear explanation of how this will benefit them.

Who will be able to see rental data and how will it be used?

Where tenants are notified, at the point of data collection and data access, this data can be made available to any prospective credit enquirer participating in Experian's credit data sharing scheme as is currently the norm for other consumers. Data will also be made available to landlords and organisations undertaking property management and tenant referencing activities on behalf of landlords, again with the tenant being notified of this.

Will rental data be included on people's credit reports?

Yes, as lenders will be able to use rental data to help make decisions about credit, tenants will see this data when they access their credit report. Specific FAQs will be provided for tenants to explain how credit reports operate and lenders make decisions. Experian's consumer website already shows the type of information provided to consumers: <http://www.experian.co.uk/consumer/credit-reports-explained.html>

What will be the process for dealing with data disputes?

We will help tenants resolve any disputes in the same way we do for other types of data. The moment a tenant contacts their social housing provider or Experian to report a problem, Experian mark the data as under dispute while we investigate with the provider. This process will be made clear to tenants when their social housing provider chooses to join the Rental Exchange. This means that any organisation looking at this data must make further enquiries to ensure any decisions they make reflects the tenant is disputing the accuracy of this information. This is consistent with the requirements of the Data Protection Act 1998.

Experian and BII will be working with social housing provider to ensure the tenant is fully aware of when, where and how data will be used. As part of any arrangement with a social housing provider, Experian and BII are committed to providing a full education programme for tenants.

Will the data be shared with third parties for marketing purposes?

No, we will not share any personal data with any third parties for marketing purposes.

Why should organisations take part?

The social housing providers that we have spoken to so far will take part in the scheme principally to assist their tenants, to help them with the challenges they face in everyday life, such as getting a better tariff for a bill, attaining affordable credit when they need a loan, or proving their identity.

Which social housing providers are involved?

A proof of concept study using anonymised rental data from two large housing association showed the Rental Exchange could potentially benefit over 1.5 million tenants in terms of demonstrating their financial reliability and identity so enabling better access to banking services, lower cost credit and other services, such as utilities.

We are currently in discussions with over 40 housing organisations across the UK and are proactively going out to the market seeking new partners to support this initiative. It is a long term ambition to have the full support of all social housing providers, and key stakeholders across the market.

Will missed rental payments stop people accessing affordable credit or renting a home?

For the majority of people it's the opposite, as it will help prove that they meet this regular an important financial commitment. Most lenders will ask a consumer about their outgoings to understand their situation but in the case of social tenants, lenders and tenants are currently unable to verify commitments and performance history without going back to their social housing provider. So in effect the lender and tenant can now benefit from real-time transactions on accurate, objective information. This will support more responsible borrowing and lending and help people avoid becoming over-indebted.

If a tenant is unable to pay their rent, it is unlikely they are suitable for a loan or other payment agreement. For social housing providers, it will help identify those tenants who are financially vulnerable and enable them to provide an appropriate treatment strategy to help get them 'back on track'.

Will social housing tenants with a record of missed rent payments in the past be blocked from renting with another social provider?

Rental payment history should not affect who a social housing provider provides housing to as it is their responsibility to provide affordable housing to those who need it most. However, Experian and BII are not responsible for how a social housing provider uses this data. The primary aim of the Rental Exchange and its social housing provider partners is to support individuals and help them to build a positive credit report. Rental payment history will provide social housing providers with a better understanding of tenants' financial situations to identify and support vulnerable individuals and families under financial stress.

Will people whose rent, or part rent, is paid for by the government have their credit histories affected when payment of rent is late through no fault of their own?

No. Benefit payments - including varying payment dates - will be noted and consideration given to any late payments.

Will social housing providers be able to see a tenant's private credit history data?

Currently, social housing providers can only be able to see rental payment history, as well as any publicly available information about court judgments and bankruptcies but it is hoped to soon be able to provide a full picture of the tenant's history to enable social housing providers to better support and identify the most vulnerable tenants.

What is the relationship between Experian and BII?

The innovative concept of sharing rental data to enable social housing tenants' better access to credit and mainstream services was developed by BII several years ago. BII initiated a competitive and transparent tender process for a partner to create and responsibly manage the Rental Exchange for the better of society.

Experian was selected in 2012 as the preferred supplier. As well as being the leading global information service's company, providing data and analytical tools to clients around the world, Experian has a long history of corporate social responsibility. Click here to find out more

<http://www.experian.co.uk/responsibilities/corporate-responsibility/index.html>

Are there other ways in which BII supports financial inclusion for tenants?

BII is supportive of affordable lending organisations, such as credit unions and community development finance institutions. It provides finance for these organisations to scale-up their activities, most recently investing in Moneyline an organisation providing affordable loans in the North West and Wales. The majority of their clients are social housing tenants. The Rental Exchange compliments this wider work, and we are engaging with these organisations as a key stakeholder.

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