

Data sharing

A key factor in preventing over-indebtedness and promoting responsible lending is improving information sharing between lenders

The majority of credit card holders use their credit cards responsibly and without problems. Whilst over-indebtedness is a problem that affects a relatively small minority of cardholders it is a problem that APACS' members take seriously. A key factor in preventing over-indebtedness and promoting responsible lending is good data sharing between lenders so they can make informed decisions about whether or not to lend.

Under APACS guidelines on data sharing, members are committed to developing a robust, industry-wide regime of data sharing. They set out the principles that

should guide this regime, including a clear commitment to support new initiatives and extend data sharing wherever it is practicable.

Data is shared with credit reference agencies, which then provide credit records to lenders to help them decide whether or not to lend. APACS and its members work closely with the Government and other agencies to make sure that all vital pieces of data are shared amongst relevant agencies, without infringing on individuals' privacy.

Under APACS guidelines and the Principles of Reciprocity data shared with credit reference agencies will never be used to target or market products to prospective

customers. The Principles of Reciprocity have been developed and maintained over many years by SCOR (the Steering Committee on Reciprocity) on behalf of the UK credit industry. Data sharing is always with the consent of cardholders and for the benefit of the overall regime of responsible lending.

APACS lobbies government on behalf of its members to make changes in the law where it believes it is in the consumer's best interests. Individual lenders continue to deliver new initiatives to widen and deepen the scope of information shared, whilst continuing to respect the privacy of their customers.

Data Sharing Principles Version 1.0 (September 2004)

1. APACS' members will share data on all customer credit card liabilities with credit reference agencies for the purposes of inclusion in credit files where legally able to do so. Furthermore, members will ensure the terms and conditions of any new card contract allow for the sharing of full data.

2. Members support initiatives by the British Bankers' Association (BBA), Finance & Leasing Association (FLA), Steering Committee for Reciprocity (SCOR) and other lending industry organisations to expand the number of card accounts on which data is shared.

3. Members strongly support the use of full data files when credit is assessed, as an essential component of responsible lending and the

prevention of over-commitment. Members are fully committed to compliance with the SCOR Principles of Reciprocity and will never, for example, use shared data to target or market to prospective customers.

4. APACS will formally and publicly petition the Office of the Information Commissioner and the Department for Constitutional Affairs for the following purposes:

- the ability to report information on customers who have only agreed to the reporting of default information (or any other means to achieve this end);
- clarification of the interpretation of the Data Protection Act 1998 with respect to a breach of the Act and the penalty for said breach;

- clarification of the ability to execute on existing contracts where there may be a public perception that parts of the contract may not be executed;
- any other related and relevant issue that APACS regards in members' interests.

5. Members will ensure that any information reported to a credit reference agency is reported to all recognised credit reference agencies (which are CallCredit, Equifax and Experian).

6. Members support efforts to ensure the continuity of reporting to all credit reference agencies of all debts sold for collection.