



Conducting a credit check

Landlords should have a methodical process for selecting tenants. Choosing the best tenant includes checking their credit history, which can be done easily as long as you get the prospective tenant's permission first.

How to conduct a credit check

1. Get consent

- Ask your prospective tenant to fill out a pre-tenancy application form (available at www.dbh.govt.nz). This form asks them to consent to a check of referees and credit.
- Work through the form with the tenant to make sure all the details are correct, including spelling of names and personal details such as date of birth. These are critical for getting a credit check for the right person.

2. Choose a credit check agency

- Check the Yellow Pages or the internet to find a listing of credit check agencies.
- Each agency has costs for either a subscription (generally cheaper if undertaking many credit checks) or casual use. Note that members of a local Property Investor Association (PIA) often have free subscription to a credit agency as part of their PIA membership package.
- You can usually get checks via the internet or from the agency call centre service. Have your credit card ready. Using the internet can give you a faster result.

3. Request the report

- After you log in to the agency website, enter the name and date of birth of the prospective tenant. A few minutes later you should receive the credit report. Some agencies will fax or mail you a report.



What credit check reports contain

Reports will generally have the following information:

1. The prospective tenant's full name and date of birth, and any known aliases. Some reports also note occupation and employer.
2. Information from the last five years or more on the person's involvement in: payment defaults, collection actions, court judgments, bankruptcies or other public notices
3. Other recent addresses
4. Cross-references to other credit enquiries made against the prospective tenant
5. A credit rating for the person.

Using information in the report

Credit reports give you further information to support your personal judgment of a prospective tenant.

If you enter into a tenancy agreement after receiving a credit report, keep a copy of the credit check report because the tenant can ask to see it under privacy legislation.

Most people will have some data recorded against their name in a credit report. If a report has little or no data this could mean the person is either very new to the country or perhaps has other identities that have not yet been tracked.