

Does a judgment affect your credit rating?

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The credit rating is sort of an image of our repayment habits. It is as if throughout our lives we look at our ability to repay our loans on time.

The purpose of this famous credit rating is to determine the risk we represent for lenders. The formula is simple: the more we repay our loans on time, the better our credit rating.

You may have heard of Equifax and TransUnion, which are the major credit reporting agencies in Canada. They are the ones who give you a note on your repayment habits.

The impact of a judgment on your credit rating

In the documents used to establish your credit rating, we find all the judgments against you, since they are public. Thus, the number of judgments and the amounts of conviction will directly influence your credit rating.

Given the negative impact of a judgment, if you are sued for a sum of money that you consider not to owe (in whole or in part), defend yourself! Indeed, some judge that it is not necessary to defend themselves in case of prosecution against them since they have no assets in their name. However, a judgment can be rendered against you, rightly or wrongly, simply because you do not appear.

This judgment, in addition to being valid for a period of ten years, will influence your credit rating. You may find it more difficult to borrow for the purchase of a home, a car or even a single margin.

If by chance, a judgment is written on your credit rating, you must know that to remove it from your file, you must not only pay it but also take steps with the credit agencies to prove your payment and make remove the negative effect of the judgment of your file. It will not happen alone!

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ADVICE

- Do not let proceedings run against you without defending you: the money invested in your defense can save you a lot more!
- If a judgment is entered in your file, set it as soon as possible.
- Once settled, have the effects of the judgment cleared with Equifax and TransUnion.
- If you can, settle your differences before going to court, because an amicable settlement is the most effective way of not having a judgment to his credit!