

Maintain a High Credit Score for Easy Loan Approvals With Expert Tips From OneScore

Category: Business

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Before approving a loan, lenders assess an applicant's creditworthiness, whether the loan is for purchasing a home, for personal use or for business needs. With the rising popularity of digital lending, getting a loan has become easier. A good credit score goes a long way to help applicants access funds using an [instant loan app](#).

To maintain a high score, one needs to practice financial discipline, such as paying dues on time and having low credit utilisation ratios. OneScore allows users to track, understand, and boost their credit scores on its app, taking guesswork out of the equation.

Apart from offering access to lifetime-free credit scores and reports, it gives users access to

smart tools, like the ScorePlanner, which provides personalised insights for better credit management. By using the OneScore app, customers can gradually strengthen their creditworthiness and improve their chances of easy loan approvals.

Importance of Tracking Credit Scores

Here are a few things that individuals must understand about credit scores and their impact on loan approvals:

What is a Credit Score

- A three-digit credit score (300-900) helps issuers assess an individual's repayment ability based on credit

history and past behaviour with borrowing and repayment

- Running a [CIBIL score check](#) before applying for a loan helps in checking eligibility for loans and credit cards

Impact of Credit Scores on Loans

- A high credit score increases the likelihood of quick approvals, lower interest rates and desired loan amounts
- A low credit score may result in rejections or higher borrowing costs
- Credit score checks are available through platforms like:
 - TransUnion CIBIL
 - CRIF High Mark
 - Experian

Factors Affecting Credit Scores

- Payment history is the most significant factor in score calculation
- Missing EMIs can cause the score to drop significantly
- Experience with a mix of secured and unsecured credit improves the score
- Sudden spikes in credit card spending can impact creditworthiness if it increases the utilisation ratio
- Settling loans for less than the due amount harms the score
- Multiple loan rejections can indicate financial distress and hurt the score

- Regular and timely payment of credit card bills in full increases the score
- Closing old credit accounts can shorten credit history and decrease the score
- High outstanding balances negatively impact the score
- Becoming a guarantor can affect the score if the borrower defaults
- Frequent hard inquiries signal higher credit risk
- Maintaining low credit utilisation shows responsible usage and boosts the score
- Long-term loans with timely payments boost the score
- Errors in credit reports or fraudulent loans that are unpaid can lower the score if not corrected

Practical Ways to Improve Credit Scores

A strong credit score increases financial opportunities and helps one to secure pocket-friendly loan terms. Borrowers can take the following steps to build and maintain a healthy credit profile:

Make Payments on Time

Delays or missed payments can lead to penalties and a significant drop in creditworthiness.

- Set up auto-debit or reminders for EMIs and credit card bills
- Pay at least the minimum amount due as per a credit card bill if full repayment isn't possible

Keep Credit Utilisation Low

A high credit utilisation ratio signals excessive dependence on credit, which can negatively impact the score.

- Try to keep usage below 30% of the available credit limit
- Request a credit limit increase, if necessary, but avoid overspending

Monitor Credit Reports Regularly

Errors or fraudulent activity on a credit report can lower a score without the borrowers knowledge.

- Review credit reports periodically to identify mistakes
- Raise disputes immediately if discrepancies are found

Avoid Frequent Loan Applications

Each loan or credit card application triggers a hard inquiry, slightly lowering the score. Multiple inquiries in a short span can signal financial distress.

- Apply for new credit only when necessary
- Space out applications to avoid multiple hard inquiries

Increase Credit Limit of Credit Card Wisely

A higher credit limit can reduce the credit utilisation ratio, improving the score. However, an increased limit should be managed responsibly to prevent overspending.

- Request an increase based on a stable income and repayment history
- Avoid using the entire credit limit just because it's available

Be Cautious When Acting as a Guarantor

A guarantor shares responsibility if the primary borrower defaults, impacting their own credit score. This commitment can also affect future loan eligibility, as lenders consider it an existing liability.

- Agree to be a guarantor only after assessing the borrower's repayment capability
- Monitor the borrower's repayment history to prevent surprises

Choose Longer Repayment Tenures

A longer tenure reduces the monthly EMI burden, making it easier to stay consistent with payments. It also lowers the risk of missed EMIs, which can negatively impact the credit score.

- Opt for tenure extensions only if necessary, as longer durations may increase the total interest paid
- Maintain regular prepayments if financially feasible to close loans faster

By implementing these steps, borrowers can steadily improve their credit score, leading to better loan approvals and lower interest rates. Building and maintaining a good credit score takes consistent effort and regular checks.

The [OneScore](#) App simplifies this process by offering free lifetime access to credit scores and reports from both CIBIL and Experian. With smart tools like the Score Planner and personalised insights, users can leverage this app to set a goal to reach, analyse their credit behaviour, and make necessary adjustments.

The same app also serves the purpose of an instant loan app

for customers who meet the minimum credit score required for a personal loan of Rs. 5 Lakhs and more. Users can [download the OneScore App](#) to improve their creditworthiness and get access to affordable loans when needed.

