

# BUY NOW PAY LATER AND YOUR CREDIT REPORT

## IS BUY NOW PAY LATER CREDIT?

When you use Buy Now Pay Later (BNPL), you buy a product or service and pay it off in instalments over time, instead of paying the full amount upfront. BNPL arrangements are credit products, just like any other loan, and will take regular repayments from your bank accounts or credit card. Rather than paying interest on the purchase - you may be charged fees (including late fees if you miss payments).

BNPL arrangements will become more expensive if the repayments are not being paid on time. If you use your credit card to pay the BNPL instalments, you may also incur fees and charges with your credit card provider if these repayments are not made.

## DID YOU KNOW?



**Almost half (49%) of Australians have used Buy Now Pay Later services/products**



**Over a third (34%) who have used BNPL say they have been late on their payments**

## 4 in 5 Australians have AT LEAST one credit product (broken down by product)

- **53 % Credit Card**
- **24% Home Loan**
- **22% Buy Now Pay Later**
- **11% Vehicle Finance**
- **10% Personal Loan**

Source:  
CreditSmart/YouGov research Aug 2022



**fact**

OR



**myth**



**myth**

**BNPL doesn't affect your credit report and credit score**



**fact**

**BNPL CAN affect your credit report and credit score**

All BNPL providers can conduct credit checks if assessing you for a BNPL product. In practice, some do, but some do not. Your BNPL payments will only be reported if your BNPL provider is a licensed credit provider, and they participate in comprehensive credit reporting. Many BNPL providers are currently not licensed, and so many BNPL products do not have payments reported. However, there are some BNPL providers who are licensed and are reporting repayments.

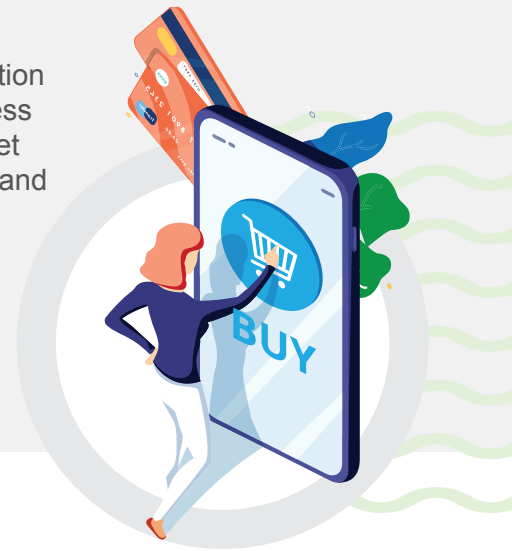
Where a BNPL provider does a credit check this will show on your credit report, and this can impact your credit score. If changes are made to regulate BNPL products this may mean more providers undertake credit checks.

Even if your BNPL provider doesn't do credit checks or report credit data, use of BNPL can still affect your ability to get other credit. For instance, lenders may see BNPL repayments in your bank account or credit card. In some cases this might be relevant to how affordable new credit would be.

## THINGS TO BE AWARE OF WHEN CONSIDERING A BUY NOW PAY LATER PRODUCT

Most BNPL providers are not currently bound by the same consumer protection laws as regulated credit providers. This means they are not required to assess your income and existing debts to determine whether you will be able to meet your repayments, so you need to be careful to use the services responsibly and do not take on debt that you cannot repay.

It is also important to remember that using BNPL can affect your ability to get other credit, such as a credit card or a loan, even if you do make the repayments on time. This is because other credit providers you apply for a loan with may look at your BNPL purchases when working out if or how much you can afford to borrow.



## 5 TIPS IF YOU'RE USING BNPL

1

**Be mindful of other repayment obligations.** Make sure you are not paying your BNPL repayments at the expense of other debt, such as your car loan, mortgage, or credit card.

2

**Know your limits.** Keep track of your BNPL usage and put a limit on it yourself. If you get close to your self-imposed limit, minimise further use until you have paid off your existing debt.

3

**Link your BNPL account to your debit card instead of your credit card.** Using credit to pay off credit by linking a credit card to a BNPL account is just postponing repayments - using a debit card means you are using your own money and might help avoid credit card interest.

4

**Costs can add up.** You are charged fees if you miss a payment for a BNPL product. It can add up if you regularly make your payments late.

5

**If you are struggling to keep up with your payments, speak up.** If you cannot make your repayments, speak to your BNPL provider, and ask how they can assist you.

BUY NOW PAY LATER

Keeping your credit report healthy by paying your bills on time will make you look better to a credit provider the next time you need to apply for credit. It takes time to build up positive payment habits to show that you are a trustworthy borrower. The best way to build good credit health is to focus on using credit sparingly and responsibly, only applying for credit you can afford, and making repayments on time.

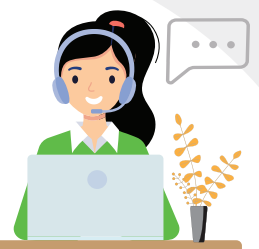
### WHERE CAN YOU GO FOR HELP?

Most BNPL providers have dedicated complaints and hardship services. Contact your provider if you have a complaint or if you're having trouble making repayments.

To check which BNPL providers are AFCA (Australian Financial Complaints Authority) members, call **1800 931 678** or visit **[www.afca.org.au](http://www.afca.org.au)**

For information about how credit reporting works, your rights when it comes to your credit report and credit score, or the impact of financial hardship assistance on your credit report, visit **[creditsmart.org.au](http://creditsmart.org.au)**

You can request a **FREE** copy of your credit report, every 3 months, from each of the credit reporting bodies:



Equifax  
[www.equifax.com.au](http://www.equifax.com.au)

Experian  
[www.experian.com.au](http://www.experian.com.au)

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