

How to Protect Your Credit Score When Applying for a Loan - Natloans

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How to Protect Your Credit Score When Applying for a Loan

By Mary Nebotakis, Managing Director, Natloans, B. Eco, Dip. Financial Services

Your credit score is one of the most important factors influencing the finance products and interest rates available to you. Whether you're applying for a personal loan, car finance, or a mortgage, lenders use your score to assess your creditworthiness.

The higher your score, the better your options. A strong credit score can help you:

Secure lower interest rates – saving you thousands over the life of a loan.

Access better products – giving you more flexible and competitive lending solutions.

Get approved faster – streamlining the application process and reducing stress.

Understanding your score — and how to protect it — is the first step towards improving your financial position.

Why “Shopping Around” for a Loan Can Cost You Thousands

It's natural to want to compare loan products and find the best interest rate. However, many borrowers don't realise that shopping around online can damage their credit score.

When you submit enquiries directly to multiple lenders, some may treat these as full loan applications — leaving a record on your credit report.

Even a single enquiry can lower your score by around 50 points. Multiple enquiries in a short period can have a multiplier effect, causing your score to drop dramatically.

For example:

If your score starts at 750 and you apply with two or more lenders, it could drop by over 100 points. This not only makes it harder to get approved, but also means you'll likely be offered a much higher interest rate than before.

In other words, the very act of trying to "find a better deal" could end up costing you significantly more in the long run.

How to Compare Loans Without Harming Your Credit

The good news is that there are ways to explore your options without hurting your score.

Working with an experienced mortgage and finance broker like Natloans allows you to benefit from the information provided through a 'soft' credit enquiry, which do not affect your score. This gives us the information we need to match you with the most suitable lender — all while keeping your credit file intact.

Additionally, expert brokers like Natloans often have strong relationships with multiple lenders, allowing them to negotiate competitive rates and terms on your behalf. This means you get access to a wider range of products without the risks that come with applying directly to multiple lenders.

Key Takeaway

Your credit score is a valuable financial asset. Protecting it should be a priority when seeking finance.

Instead of risking unnecessary hits to your credit file, work with an experienced broker like Natloans who can help you compare options safely and effectively.

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