Cautious optimism for plan to let rent count for credit scores

Companies that already offer ways to allow rent payments to count toward credit scores are welcoming the plan by the federal government to make the practice widespread. Prime Minister Justin Trudeau spoke during a housing announcement on Wednesday in Vaughan.

"We've been saying for a couple of years now, it's time to do something. It's time for consumers to be able to report payments to credit bureaus to build up their credit history, so we're pleased that they're going to take some action," said Mulholland.

"There's been a lot of discussion in the past few years about paying $2,000 a month for a couple of years now, how important it is for the group of consumers to be able to report their rent payments," he said.

Mulholland said he thinks that could be problematic for a lot of people, especially people further behind. And those challenges go right up the income scale well into the middle class." We've been telling the government the and, and finally, anyone who will listen, is that what we really need is an opportunity to build up their credit history, so we're pleased that they're going to take some action," said Mulholland.

"It's very low, it's not well understood, it's part of the population of the welfare recipients," he said.

More than three million Canadian adults, according to a recent estimate, had not reported their rent payments as of 2013, although seven million have only limited success in doing so, which could limit their ability to access credit, Mulholland added.

"For landlords, being able to sign on with the promise of improving their credit score is a major step by the director of advocacy and legal services for FrontLobby, a centre for Tenants Ontario.

"If we're going to build a better credit history for fewer people, it is people who have limited opportunities," he said. "You don't want to set those people further behind. And those challenges go right up the income scale well into the middle class." He also said the program should be done in the context of open banking, where there are structures in place to protect the data, and how it's used.

Rentland tenants entering into a contract with a credit bureau through FrontLobby would take off rent and report it to the service, while renter advocates said the move would actually verify where e-transfers went, and the debt goes to the credit bureau.

"That bargaining power is what we really need is open banking," he said.

The federal government estimated about seven million have only limited success in doing so, which could limit their ability to access credit, Mulholland added. While rent reporting to credit bureaus through FrontLobby would take off rent and report it to the service, while renter advocates said the move would actually verify where e-transfers went, and the debt goes to the credit bureau.

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