

# People deferring their mortgage payments are making an unpleasant discovery: it can wreck your credit rating

*Elaine Smith*

When Richard Hayward made the decision to defer his mortgage payments for two months as the result of a COVID-19 job layoff, the bank assured him it wouldn't affect his credit score, but Hayward is skeptical.

"I'm pretty sure deferred mortgage payments affects your credit rating," said Hayward, a commercial diver from Pontypool, Ont. "My credit rating is really good. I know people with worse credit scores. Personally, I'm not worried, but I can sympathize with people in much more precarious situations."

Richard Moxley, author of "The Credit Game: Rules Every Canadians Must Know to Win," says that the onus is on lenders to ensure that borrowers' credit scores don't take a hit during these challenging times.

"What Canadians don't know is that a deferred payment can show up as a late payment on the Equifax and TransUnion report," Moxley reminded consumers. "The credit reporting agencies, Equifax and TransUnion, don't qualify the information they receive. The only thing that matters is how lenders' systems report deferred payments to them — as late or not."

Unfortunately, Moxley says, much of this data is generated automatically, and many of the lenders' computer systems haven't been adjusted to reflect the general availability of deferred-payment arrangements during COVID-19, despite being prompted by Equifax.

"In the event that a (lender) makes a credit relief or payment deferral program available to its consumers to opt out of making monthly payments during the pandemic, Equifax's expectation is that the (lender) would take actions on its system to ensure that it does not report any derogatory/missed payment information to the credit bureaus that is misaligned with the program it has implemented," reads the official Equifax statement.

Moxley also warns against being reassured about your credit rating by talking with a lender's customer-service representative by phone. Given the heavy volume of calls currently, many of those answering the busy bank phone lines are not lending experts, but other employees pitching in.

"Customer service reps can tell you all kinds of things about your credit score, but they're irrelevant," he said. "The only thing that matters is how the lender's system reports deferred payments to Equifax."

Douglas Hoyes, co-founder of the debt relief experts Hoyes, Michalos and Associates, agrees that it's a challenging time if you want information about extending your