

Credit Checks: *Hard Inquires and Credit Scores*

Purchasing a vehicle can be very costly, which is why financing or leasing options are a popular choice among consumers. The credit application process may be overwhelming or confusing to some, specifically when it comes to credit checks.

When applying for credit, not all consumers are clear on how credit checks, or credit report inquiries, can affect credit scores. First, let's review the two different types of inquiries:

- A *soft* inquiry on a credit report occurs when you or a third-party reviews your credit for *non-lending* or *informational* purposes (for example when a landlord checks your credit score for a tenancy application). Soft credit checks temporarily appear on your credit report, do not appear to other lenders, and they do not affect your credit score
- A *hard* inquiry occurs when lenders or companies review your credit as part of the loan application process (for example, when you apply for a car loan). Hard credit checks impact your credit score and may remain on your credit report for a number of years

When a consumer has applied to lease or finance a vehicle through a dealership, either in-person or online by applying to be 'pre-approved' for their credit application, they may not fully understand that they have consented to a hard inquiry being recorded on their credit report. They may also not be aware that numerous lenders could be reviewing their credit score, which will appear as multiple inquiries on their credit report. If it's for the same purpose, multiple inquiries within a certain period of time are usually counted as one inquiry. However, all inquiries will appear on the consumer's credit report. When offering financing or leasing options to consumers, it's best practice to **SAY-SIGN-STORE**:



SAY to the consumer that the credit application requires a credit check to be performed on the consumer's credit report, and that it will impact their credit score. Explaining how the credit check process works will give a better understanding to consumers and mitigate any future questions or concerns



Have the consumer **SIGN** the credit application that clearly states that a credit check will be performed. The consumer's consent must be obtained as required by the *Business Practices and Consumer Protection Act (BPCPA)*- [section 107](#). Obtaining personal information for a credit check is not the same as acquiring consent for the credit check- the consumer must know you are going to do a credit check, and then provide consent



STORE the consent form regardless if a sale was made, in case a consumer disputes consent was given

If you have any questions, please contact please contact the VSA Industry Standards team at industry.standards@mvsabc.com or 604-574-5050.

Advertising Cash vs. Financing Price *Doing it right*

Please remember this important guideline when advertising a price differential for a vehicle:

When advertising a vehicle that has different pricing, for example, a financing purchase price and a cash purchase price, you must include *both* prices in the advertisement (BPCPA [section 60](#)). The consumer must be aware of the additional cost to finance a purchase compared to a cash purchase.

[Click here](#) for examples of what-to-do and what-not-to-do when advertising financing and cash purchase price. For more information about other legislation that applies to vehicle advertising as well as best practises, check out our [VSA Advertising Guidelines](#).



Online Salesperson Applications *Temporarily unavailable starting November 1*

We are excited to announce that the Vehicle Sales Authority website will be getting a fresh new look!

However, as we work hard on improving your online experience, the VSA will be *temporarily* disabling the online salesperson application feature. As of November 1st, Salesperson Application Packages will only be accepted via email or mail [using the application found here](#).

*If you have begun a Salesperson Application online, ensure you have completed it by October 31st, as it will no longer be accessible on November 1st.

Please note: Other online services (i.e. licence renewals & course registrations) will remain unaffected.

Online applications will resume again once our new website launches. Stay tuned for more details!

