

THE STATE COMMISSIONER FOR DATA PROTECTION AND FREEDOM OF INFORMATION

PRESS RELEASE

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"If I can't find any data on you, you're not creditworthy" -

LfDI warns credit agency

All those who have already applied for a loan know the procedure:

Lenders ask credit reporting agencies whether a company

men or a private individual will probably also repay the loan applied for

len will. For this purpose, credit agencies evaluate all the data they have about a company

company or a private individual, and calculate probable

abilities, so-called score values, to their creditworthiness. What rules and variables

Calculations and thus the final evaluations are based on is a

closely guarded trade secret.

However, it is not uncommon for the calculations to be based on outdated or incorrect data.

And also complaints from those affected to correct or delete this data

schen, mostly goes unheard on the part of some credit bureaus.

Due to numerous complaints, the state commissioner for data protection checked

and Freedom of Information (LfDI) Baden-Württemberg data collection and

-Evaluation of credit agencies and the resulting calculations

procedure for credit assessments. In doing so, we found that credit rating

divisions are not always based on concrete data available from the respective company

mens were made, but just not available information about it

resulted in the recommended credit limit being rated low. That means: had

the credit agency has no knowledge of company or financial figures,

an only partially positive evaluation was passed on to inquiring third parties

ben - a positive rating ("good") is supposedly too risky in these cases, according to the

information agency in the specific case.

The problem with this: The credit line recommended by a credit agency

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The information on the collection of personal data according to Article 13 DS-GVO can be found on our homepage

(<https://www.baden-wuerttemberg.datenschutz.de/datenschutz/>).

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generally follow lenders – the future viability of companies

However, the necessary investments fall by the wayside. In addition, third parties could

get the impression that the assessment

payment is due to past payment arrears by the company

stood.

The LfDI makes it clear that an assessment of creditworthiness is only legal

is if this assessment is based on a sufficient and appropriate factual

basis is based. A score based primarily on probability values

based, i.e. H. for its determination the data of "similar" companies and persons

serve as a basis, since no data is available on the specific company

simply inadmissible. "It is unacceptable that companies or individuals

are forced to disclose their data to credit reporting agencies if

otherwise they are threatened with a bad rating," warns LfDI Dr. Stefan Brink. "The Legislative

timation of such reviews under the guise of 'freedom of expression' we enter

resolutely against. Because even if credit bureaus give their 'opinions' about the

spreading the worthiness of companies and people requires a true and

verifiable core of facts. Otherwise stand the economic advancement

and the reputation of irreproachable companies and individuals on the

Game."

As part of the LfDI test procedure, an inspector based in Baden-Württemberg
ge credit agency warned for a fee. Also in the future the LfDI in the
make use of its supervisory powers in the cases mentioned.

If you have any questions, you can reach us on the telephone number 0711/615 541-23.

Further information on data protection can be found on the Internet at
www.baden-wuerttemberg.datenschutz.de or at www.datenschutz.de.