How Suppressing Liens and Judgments Intelligence Decreases Decision Accuracy

Liens and Judgments were **removed from traditional credit reports** through the National Consumer Assistance Plan.

2015	2016	July 2017	2018
Agreement reached in 2015		Removal from traditional credit reports began in July of 2017	All Liens and Judgments data was removed by 2018

Recovering suppressed public record information **improves the predictive accuracy of credit decisions**[1].

A: 680, 5.5%

Person A and Person B have identical credit bureau scores. However, Person A has no liens or judgments and Person B has a hidden lien or judgment. Person A's likelihood to default is 5.5%, while Person B's likelihood to default is 7.3%.

This is a 33% higher likelihood to default.

B: 680, 7.3%

Traditional credit scores **underestimate the risk of liens and judgments**

57% — 620 — 74%

For auto loan applicants at a 620 credit bureau score cutoff, **74%** of defaulters were captured when liens and judgments information was factored in, compared to only **57%** captured when using credit bureau data alone.

This information would be missed by traditional credit scores.

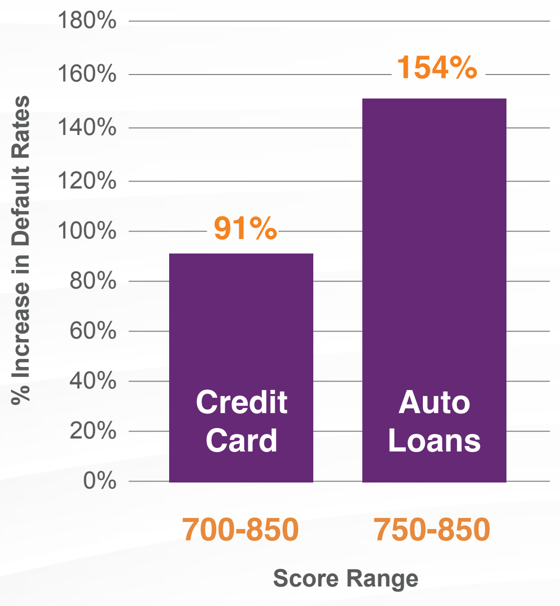
$31,099

Factoring in the average loan amount for a new car of **$31,000** in 2017, non-payers can represent significant losses for your business.[2]

$61,000,000

Out of 1,900 auto loans, the total balances of consumers with suppressed liens or judgments that default equaled nearly **$61 million.**

The best scoring consumers could represent your **costliest and biggest risk when they have unreported liens or judgments.**



Increased Default Rates of Consumers with Hidden Liens or Judgments vs. Consumers without Liens or Judgments[1]

Including hidden liens and judgments data into underwriting process **will make risk-based decisions more accurate**

Swap-out Analysis Shows Enormous Value Of Identifying Liens Or Judgments Consumers[1]

Cut-off for Score that Considers L or J	Default Rate for Approved Consumers Above Cutoff	Default Rate for Approved Customers that Would be Declined Using a L & J Informed Score	Increased Risk of Default for Consumers Who Would Have Been Approved Without Knowledge of a L or J
550	11.4%	46.4%	4.1x
600	7.1%	27.6%	3.9x
650	3.2%	9.6%	3.0x
700	0.8%	3.3%	4.2x

A score which considers liens and judgments can identify and "swap-out" high-risk consumers with a lien or judgment and replace or "swap-in" low-risk consumers without a lien or judgment.

To learn more, download the full report at
solutions.risk.lexisnexis.com/Liens-Judgments-Impact-Report

LexisNexis® RISK SOLUTIONS

[1] LexisNexis® Risk Solutions Liens and Judgments Impact Report, 2019
[2] https://www.finder.com/car-loan-statistics

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