

How to make bad credit car finance possible.

If you have a low credit score, you may already be aware of how it can hold you back. From a lenders point of view, people with bad credit are more of a risk to lend to and they're more likely to default on their credit commitments. It can be possible to get a car with bad credit but it may limit your options and some lenders may refuse your application. Making car finance with bad credit work for you can take time and improving your credit score should be your main focus. The guide below looks at how to improve your chances of bad credit car finance.

Why is it harder to get approved?

People with bad credit scores usually have had problems in the past with making their payments on time and in full. They may have missed payments, made late payments, have defaults on their credit file or are bankrupt – all of which can put future lenders off. [Lenders prefer applicants who have a good credit score](#) and long history of making their payments on time and in full. This is because they are less likely to default on their future loans. Car finance is all about risk and making future predictions. So, with this in mind, let's take a look at how to improve your chances of getting approved.

Check your credit score.

Many people are guilty of not checking their credit score regularly. If you've had bad credit in the past, you may assume you still have bad credit without checking. Get into the habit of checking your credit score regularly can help you to understand it better and make good financial decisions. When you check your credit report you should make sure all the

information listed on there is accurate and up to date. Check things like your personal information, your payment history and the applications you've made for credit. If anything needs changing or something doesn't look right, contact the credit reference agency who provided your credit report to dispute it. Inaccurate information on your credit file can negatively impact your credit score.



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Work on your credit factors.

When you check your credit report, you will usually be given some guidance on which factors are holding you back and the actions you can take to improve your credit score. If you're using too much of your available credit limits, try to reduce some debt you owe before taking on any new credit. If you've missed payments in the past, you'll need to show future lenders you can be trusted to make payments on time and in full so ensure all your payments are met in the run up to your

finance application.

Save for a deposit.

In some cases, having a deposit to put down for car finance can help you to get approved. When you put down more money at the start of the agreement, you are lowering the loan amount, which means the lender doesn't have to give you as much. This helps to reduce the risk and make the finance deal more manageable. It could even help to lower your monthly payments. If you can afford to do so, you could consider putting a large deposit down for car finance.

Take what you are offered.

If you're really struggling to get approved for finance with bad credit, you may have to take the deal which is offered to you. Having a low credit score can reduce your options and even though it may not be the best deal going, it's still a deal. Many people with bad credit who get a car on finance, use their agreement to make payments on time and improve their score in the process. They can then [refinance a car finance deal](#) at a later stage and if their situation has improved, they could get a better rate.

Be realistic.

If you've got bad credit and keep getting declined, you need to be realistic with the type of loan you are applying for. You probably aren't going to get approved for a £100k loan on a Ferrari but you may be able to get a smaller loan on an affordable car. If you're in the market for a new car, shop around for car finance deals to see how much you could borrow based on your monthly payment and loan term length.