

Secure

Reader secured



bethanie.pascutto@ace.clcj.ca ✓

by Virtru

[IE] Financelt Canada Inc. and Vault Home Credit Corporation (aka VaultPay)



Jun 26, 2025 12:37 PM

to: bethanie.pascutto@ace.clcj.ca,
[REDACTED]

Encrypted

Dear Ms. Pascutto,

We are in receipt of your communication dated June 11, 2025.

We have copied legal counsel from FinanceIT on this letter as we required their consent to share with you the details of our review and findings of their data furnishing practices.

To begin, we want to be sure you have a clear understanding of our role as a registered Canadian credit bureau, credit scores are and how they work and credit ratings.

What does a Credit Reporting Agency Do and Not Do?

As you already know, Equifax Canada is a Credit Reporting Agency (or "Credit Bureau") and as such, it maintains consumer credit file information in a highly regulated environment. Equifax has to comply at all times with applicable data protection laws such as the Personal Information Protection and Electronic Documents Act ("PIPEDA") and substantially similar provincial laws from B.C., Alberta and Quebec, as well as with credit reporting legislation which may vary by province. A typical credit file or credit report is a product derived from credit file information which is maintained on a consumer contains the following information: Name, Address, Date of Birth, Social Insurance Number (where available and permitted), number of active credit accounts (known as "tradelines"), including type of credit and industry and payment history, as well as hard and/or, as the case may be, soft inquiries made by third parties ("Credit File Information").

The applicable provincial credit reporting legislation sets out the rules and requirements Equifax must adhere to in maintaining Credit File Information and also sets out the rules that apply in order for Credit File Information to be shared in whole or in part with an authorized recipient.

Equifax does not make credit decisions, does not rate consumers and does not grant credit or collect money. Equifax receives and maintains Credit File Information from credit grantors and other sources (“Data Furnishers”) on a regular basis. Equifax compiles the Credit File Information into credit reports and other products (like scores) for members of our organization who meet the legal requirements (including having appropriate consent and permissible purpose) to receive this information.

What is a credit score and how do they work?

A credit score is a three-digit number, typically between 300 and 900, which is designed to represent a consumer’s credit risk, or the likelihood that a consumer will pay their bills on time. A credit score is calculated based on Credit File Information.

There is not just one credit score. There are many different credit scores provided by different companies that are used to help predict how likely it is that an individual is going to pay their bills on time. These scores all have the same goal: to predict a consumer’s likelihood to repay financial obligations, however they use slightly different algorithms to calculate the score. At any given time, two different lenders using different score versions could see different score values for the same individual, even though they were calculated on identical Credit File Information. There is not “one score” value for each consumer. Since the scores generally consider the same data elements from a consumer Credit File Information, there would typically not be a sizable difference in score values calculated by different versions. However, some score versions consider data elements which are ignored by other score versions so two lenders using different score versions to evaluate a consumer may see substantially different scores for the same person, despite the fact that both scores were calculated on the same credit history. In short, credit scores are dynamic: calculated on demand, based on the available Credit File Information at the time the score is calculated. Credit scores are complex. An individual’s credit score may vary from one day to the next as the Credit File Information is also dynamic.

Credit scores are intended to help financial risk managers and others make fair decisions on whether or not to “take a risk” on someone. The risk might involve giving that person a loan (will they repay it?), offering a credit card (will they make the payments?) or approving their apartment rental application (will they pay their rent?). Credit scores are designed to predict the likelihood that individuals will pay their bills as agreed. While a credit score is important, it is only one of several pieces of information an organization

will use to determine creditworthiness. For example, a mortgage lender would want to know income as well as other information in addition to a credit score before it makes a decision.

What is a rating and how is it different from a credit score?

The term credit rating is sometimes confused with the term credit score because the direct translation of “cote de credit” is credit rating. However, a credit score and credit rating are not the same thing. A rating or credit rating refers to a specific code that indicates how a consumer has managed a particular credit account, primarily focusing on their payment habits. It is one of many data elements that Data Furnishers submit to a credit agency when providing Credit File Information. It is typically a two-character code associated with each individual credit account on a consumer’s credit file (e.g. a specific credit card, loan, or line of credit) that is reported on a recurring frequency along with all other Credit File Information submitted for the individual credit account. The individual credit account is sometimes referred to as a “tradeline.”

Ratings are standardized in North America meaning that Data Furnishers will report the two-character code: a letter to denote the type of credit account (revolving, installment, open, mortgage or lease) and a number from 0-9 to denote the timeliness of payments and severity of delinquency if any. As explained above, Equifax does not rate consumers. Ratings are reported to Equifax by Data Furnishers and are required to be based on fact, i.e. the actual payment practices of the consumer as experienced by the credit grantor. A rating may be a data element contributing to a credit score but it is not the same thing as a credit score.

Data Furnishers

It is important to note that only Data Furnishers who have been appropriately credentialed and entered into written agreements with Equifax may report information into Equifax. Credentialed means that the Data Furnisher has:

- Filled out an application, outlining required business information so that our Security team may verify that the company: (1) is a legitimate business; (2) has a legitimate information to report; and (3) meets our security and data governance standards to enable consistent, timely and ongoing reporting; and
- Enter into a written contract with Equifax to govern reporting in accordance with applicable law and Equifax’s data governance program.

Given the above, kindly be advised:

- Equifax has not and does not rate any consumers, including those in the proposed classes of your uncertified class action lawsuit.

- o Court judgments may be found in consumer Credit File Information and court judgments can serve as adequate evidence to alter the content of Credit File Information. Equifax does not allow court claims to be reported as Credit File Information and court claims do not serve as adequate evidence to alter the contents of Credit File Information.
- o Any consumers refusing to paying loans they have entered on the basis of making a court claim related to the loan could result in adverse ratings being reported to Equifax because the rating is a factual reflection of the payment practice of the consumer and the court claim in and of itself is not sufficient evidence to remove the loan information from the file.
- o Negative ratings may also impact such consumers' credit scores.
- VaultPay is not a data furnisher reporting information to Equifax Canada.
- FinanceIt Canada Inc. ("FinanceIt") is a data furnisher reporting information to Equifax Canada. We have conducted an internal review and also engaged with FinanceIT directly. We are advised that FinanceIT offers a dispute resolution process for consumers who believe there's an issue with their loan. Should a dispute result in a change to the loan information, we understand that FinanceIt will promptly update the data reported to Equifax. Based on this information and our internal review, we have determined that FinanceIT continues to comply with the legal and contractual requirements of its data furnishing relationship with Equifax. As such, there is no action Equifax will be taking at this time.

Lastly, I would strongly recommend and am formally requesting that you remove the letter to credit bureaus on your website as it is misleading to consumers.

Should you wish to have more information on the credit industry and how we are governed, we are happy to meet with you.

Best,

Julia

Julia Szadkowski (She/Her/Elle)

General Counsel | **Equifax Canada Co.**

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EQUIFAX

On Wed, Jun 11, 2025 at 2:07 PM Bethanie Pascutto
(ACE) <bethanie.pascutto@ace.clcj.ca> wrote: