Could your credit score prevent you from getting a job? In short, yes.
By Gregor Mowat

Whether we think it's fair or not, your personal finances can have a big impact on how you are judged by people who don't know you. In America, it is routine for potential employers to look at your credit information before offering you a job. They use it as an indicator to see if you are trustworthy - however, as credit scores become more important in the UK, you can expect to see this happening more often.

If you apply for a job in a bank or a law firm, it is often a prerequisite for them to perform a credit check on potential new employees (with your consent), but where some employers will use a credit check as a mechanism for checking someone's identity, address and other personal attributes others may use it as an assessment of the general good standing of the applicant.

If you're about to work for a company that deals with money they will want you to prove you're not irresponsible with your own cash before you can work with theirs. If your new role means you will be trusted with an expenses card or managing money on behalf of the business, they want to check you aren't going to wreak havoc on their finance department. If you can't manage your own spending, what's to say you will be different with a corporate credit card or expenses account? Or, if you have big debts, would you be easily targeted by a criminal offering to clear your debts in exchange for access to company secrets or passwords? They want to make sure your financial performance won't impact your work. It could be that they want to check you aren't a big risk when it comes to money management or that your track record shows that you are a trusted, responsible individual.

A Clearswift report in 2018 found that 42% of security breaches came from inside organisations. The introduction of GDPR saw the maximum fine for infringements increase to €20m or 4% of annual global turnover (whichever is greater) – a serious motivator when it comes to minimising the risk of a breach.

If a company thinks your financial situation could have a negative impact on your ability to perform well in your new role it may put the recruiter off signing the contract. Remember your credit report shows if you've been made bankrupt any time in the past six years or if you have had any County Court Judgments against you, which in turn could affect your reputation to future employers. It will also flag to employers if someone is under severe financial pressure as they might be more susceptible to outside influence, bribery or even committing theft.

According to a survey of job hunters in America by a company called Demos, 1 in 10 people who were unemployed said it was because their credit report was the reason they couldn't get a job. So, you could be perfectly, if not overqualified for a role, but your credit report could be the final hurdle that trips you up.

Another reason a business may check your credit report before employing you is to sniff out potential fraudsters. Your credit file is a robust way for employers to check you are who you say you are. On the other hand, a solid credit history is an indicator of trustworthiness, self-discipline, and smart decision-making.

A report by the National Association of Professional Background Screeners found that 25% of HR professionals use credit or financial checks in the UK while hiring for some positions, while 6% check the credit of all applicants. It’s important to say that just because someone has a financial problem doesn’t mean they’re a bad person. But whether we like it or not, if you’re on the hunt for a new job, the information in your credit report may be a factor that can either help or hinder your chances of getting that dream job.