CRISP
FINANCIAL

The Declined Playbook

Your bank said no. This explains what actually happened, what you are entitled to ask for, what to fix, and how to tell the difference between a decline you can beat and a decline you should listen to.

Finance explained. Decisions, supported.

Some of what follows will tell you not to borrow. That is the point.

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READ THIS FIRST

Three things nobody tells you about a decline

1. Your credit file does not record that you were declined

This is the single most common misconception, and it changes how you should behave next. Your credit report records that a lender enquired. It does not record the outcome. The Banking Ombudsman puts it plainly: a credit report may show whether you applied for credit, but it will not show whether you were successful. The decline itself leaves no mark. The enquiry does, and it stays for five years.

So the damage from a decline is not the decline. It is what people do afterwards, which is usually to apply somewhere else immediately, and then somewhere else again.

2. It may not have been a decline at all

A banker saying no across a desk is not a credit decision. If no application was submitted and no credit assessment was performed, nothing has happened, no enquiry was logged, and one person's reading of policy is all you have. Ask directly: was my application formally submitted to credit, and was it formally declined? The answer surprises people.

3. A decline is one lender's policy, not a verdict on you

Again from the Banking Ombudsman: the fact one lender declined your application does not mean you cannot obtain credit elsewhere, and different lenders apply different lending criteria. That is true. It is also the sentence that gets misused to sell people expensive credit they should not take. Both things can be true at once, and the rest of this playbook is about telling them apart.

The honest version

Some declines are a filing problem. Some are a policy problem. Some are a timing problem. And some are the lending system working exactly as intended, telling you that the debt you want would hurt you. An adviser who cannot tell you which one you have is not an adviser.

STEP 1

Get the actual reason, in writing

You cannot fix a decline you do not understand, and "computer said no" is not a reason. Front-line staff often do not know the real cause. Ask anyway, and ask in writing.

Six questions to put to the lender

- Was my application formally submitted to a credit assessor, or declined before submission?
- What was the specific decline reason? Serviceability, LVR, DTI, credit history, policy, or security?
- What assessable income figure did you use, and how did you arrive at it?
- What test interest rate and what living expense benchmark were applied?
- Was any part of the decision based on information in a credit report? If so, which credit reporter?
- What would need to change for this application to be approved, and by how much?

What you are entitled to

- Your credit report, free, from all three bureaus. Centrix, Equifax and Experian (formerly illion). Each holds slightly different data. Requesting your own report is a soft enquiry and does not affect your score. Agencies generally have ten working days to provide it.
- The personal information the lender holds about you. Under the Privacy Act 2020 you can request it, including how your income and expenses were assessed. Agencies generally have twenty working days to respond.
- A review where the bank made an administrative error. The Banking Ombudsman will ask a bank to reassess an application if it made an administrative mistake, such as wrongly calculating an applicant's income. It cannot force a bank to approve, because the outcome is a commercial judgement. But the process is reviewable, and miscalculated self-employed income is exactly the kind of error it describes.

Check the file before you blame yourself

Errors on credit files are more common than people expect. A default that was paid, a debt that was never yours, an enquiry you did not authorise. You can request a correction, and the reporter must consider it. Centrix advises a decision within twenty working days. Fix the file before the next application, not during it.

THE DIAGNOSTIC

Seven declines. Seven different problems.

Find yours. The last column is the one that matters. Rows 6 and 7 are shaded because a fast yes is usually the wrong outcome there, and the next two pages explain why.

The decline	What is really happening	The fix	Timeline	Can another lender say yes today?
1. It was never a decline	A banker said no before the application reached credit. No assessment, no enquiry logged.	Ask whether it was formally submitted. If not, nothing has happened.	Immediate	Almost certainly. Nothing is on your file.
2. Policy fit	You fall outside one lender's written policy. Visa status, employment type, small apartments, leasehold, cladding, lifestyle blocks.	Find a lender whose policy includes you. Nothing about you needs to change.	Immediate	Yes, and often at ordinary bank rates.
3. Packaging and documentation	The file was presented badly. Addbacks missed. Contract income treated as unstable. Documents absent.	Repackage properly and resubmit, usually to a different lender.	Two to six weeks	Yes. And if income was miscalculated, ask the Banking Ombudsman to have it reassessed.
4. Deposit and LVR	Your equity is short, or the bank's quota for high-LVR lending is full this period.	More deposit, a family guarantee, a gift, the 5% First Home Loan, or a new build, which is LVR exempt.	Immediate to 12 months	Sometimes. Quotas reset, so timing genuinely matters here.
5. DTI	A Reserve Bank speed limit. Over six times income for owner-occupiers, seven for investors.	Cut card limits and consumer debt. Lift assessable income. New builds are exempt.	One to six months	Yes. DTI applies to bank lending only. But check serviceability first: DTI is often not the real problem.
6. Serviceability	At the lender's stress rate, well above market, your cash flow will not cover the debt plus benchmark living costs.	Reduce debt. Lift income. Buy less. Higher yield. This is the hard one.	Six to eighteen months	Marginally, if the gap is small. If the gap is large, no lender should say yes, and one who does is a problem.
7. Credit conduct	Defaults, arrears, dishonours, unarranged overdrafts, collections, judgments. Your file shows a pattern.	Time, plus a clean run of bank statements. Defaults stay five years from the date of default.	Six months to five years	Sometimes, at cost. The real question is whether that loan leaves you better off.

A decline is one lender's policy applied on one day. It is not a verdict on you, and it is not a licence to borrow at any price.

STEP 2

What not to do next

The week after a decline is when most of the lasting damage happens. Every item below makes your next application harder.

Do not fire off applications to other lenders

Every formal application logs a credit enquiry. Under the Credit Reporting Privacy Code, credit applications and previous enquiries stay on your file for five years. A cluster of enquiries in a short window reads as financial distress, whatever the truth is. One considered application to the right lender beats four hopeful ones.

Do not go near payday or quick finance lenders

The Banking Ombudsman advises avoiding payday and quick finance applications because they raise red flags with mainstream lenders. Payday loan applications can appear on your credit file. Taking one to "tide you over" after a mortgage decline is close to the worst available move. And any advertisement promising no credit check or guaranteed approval is telling you something about the lender, not about you.

Do not start closing accounts at random

Cutting a credit card limit you do not use is smart, and it directly increases your borrowing capacity under the DTI rules. Closing your oldest account is different, because your credit history is part of what gets scored. Reduce limits first. Close the newest and least useful accounts, not the longest-held ones.

Do not apply for hardship to buy time without understanding it

Hardship assistance exists for good reason and you should use it if you need it. Just know that a hardship application may be recorded on your credit report. Use it because you are in hardship, not as a tactic.

The one thing to do this week

Order your credit report from all three bureaus, read it line by line, and dispute anything that is wrong. It is free, it is a soft enquiry, and it costs you nothing but an afternoon. Then stop, and diagnose, before you apply anywhere.

THE UNCOMFORTABLE PAGE

Sometimes the decline was correct

Most content written for declined borrowers exists to sell them a loan. This page exists because a licensed adviser has an obligation to tell you when borrowing would hurt you, and because a lender saying no is occasionally the most useful thing that happens to a person all year.

Signs your decline was the system working

- You needed to borrow money to fund part of the deposit, or the legal and inspection costs.
- Your surplus at the lender's test rate is not slightly negative, it is deeply negative.
- You have active collections, or a default recorded in the last twelve months.
- You have been in a new role for under three months, with no savings buffer behind you.
- The deal only works if interest rates fall, or if the property is never vacant.
- You are considering a second-tier loan mainly because the first lender said no, not because its structure genuinely suits you.

If three or more of those are true, the honest answer is not yet. Not never. Not yet.

What a real twelve-month plan looks like

Months 0 to 1	Order all three credit reports. Dispute errors. Get the written decline reason. Stop applying.
Months 1 to 3	Cut every credit card limit you do not need. Kill BNPL accounts. Set an automatic savings transfer on payday so the pattern is visible in statements.
Months 3 to 6	Clear the smallest consumer debts entirely. A $9,000 car loan cleared often does more for your application than another $9,000 of deposit. Keep bank conduct spotless.
Months 6 to 9	If self-employed, work with your accountant on how income is extracted and documented. If salaried, pass probation and build a buffer.
Months 9 to 12	Reassess. Six clean months of statements, lower debt, higher assessable income. Now apply, once, to the right lender.

Say this out loud to any adviser you speak to

"If the answer is that I should wait, I want you to tell me that." An adviser paid on settlement has an obvious incentive to find you a loan today. Ask the question anyway. The answer tells you who you are dealing with.

When another lender genuinely will say yes

Lender policy differs far more than most borrowers realise, and the differences sit precisely where declined applications live.

Where lenders actually diverge

- Employment type. Contract, casual, probation, secondment, and commission income are treated very differently. Some lenders will use a contractor's day rate. Others demand two years of financials.
- Self-employed income. Which addbacks are accepted, and whether they are shaded. Same financial statements, materially different assessable income.
- Rental income. Shading ranges across lenders, and on a portfolio that difference compounds.
- Property type. Apartment size floors, leasehold, cross-lease, cladding, land area.
- Test rates and expense benchmarks. Every lender stress-tests, but not at the same rate.
- DTI restrictions apply to bank lending only. Non-bank lenders are not subject to them. New builds are exempt regardless of lender.

Non-bank lending: a bridge, not a destination

Non-bank and specialist lenders exist to price risk that banks will not hold. They are legitimate, they are regulated, and they must still lend responsibly under the Credit Contracts and Consumer Finance Act. They also cost more, through both the interest rate and the establishment fees. Anyone who glosses over that is not giving you advice.

The right question is never "can I get approved". It is "what does this cost me over the period I am here, and what has to be true for me to leave". Before you sign anything second-tier, you should be able to state three things:

- The trigger. What specifically must change for a main bank to take this loan. Two years of financials, a default falling off the file, an LVR under 80%, a clean conduct record.
- The date. A realistic month, not a hope. Write it down.
- The fallback. What happens if the trigger is not met on time. If the answer is "we refinance again at the same lender", the structure is not a bridge. It is a destination, and it was sold to you as a bridge.

The test for whether your adviser is on your side

Ask them to write the exit plan down before you sign. Trigger, date, fallback. An adviser who will not put that in writing is selling you a product. An adviser who will has just made a commitment they have to honour in two years, when the commission is long spent.

STEP 3

Build the file, then apply once

A declined applicant reapplying with the same file gets the same answer. Reapply with a better file, to a lender chosen because of its policy rather than its branch location, and the answer often changes.

The written decline reason	In the lender's own words. It tells the next lender what to pre-empt.
All three credit reports	Clean, checked, and with any errors formally corrected first.
Six months of statements	Every account. No unarranged overdrafts, no dishonours, a visible savings pattern.
Evidence of debt reduction	Closed accounts, reduced card limits, cleared loans. Show the trajectory, not just the position.
Income documentation	PAYE: three payslips and an IRD summary. Self-employed: two years of financials with the depreciation schedule, plus a written note on every one-off expense.
A written explanation	One page. What happened, what changed, and why. Underwriters are people, and an explained anomaly is a different thing from an unexplained one.

Where Crisp fits

We work across main banks, specialist lenders and non-bank lenders. That range matters, because it means the answer to your situation is not constrained by one institution's policy, and it means we have no reason to push you toward second-tier lending when a main bank will take you. Where a prime bank is the right home for your file, that is where it goes.

It also means we will sometimes tell you to wait. That is not us declining you. It is the part of the job that does not pay.

Send us the decline

Send us the written reason and your last two years of income documents. We will tell you which of the seven declines you actually have, whether another lender would say yes today, and if the honest answer is "not yet", what the twelve-month plan looks like. No obligation, and no cost to you.

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