What best practices are available for me to boost my credit rating?

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If you've never examined your own credit rating, there's a good chance it could be improved through relatively little effort and at low cost, which could be extremely useful if you apply for loans or credit cards in the future and want access to the best rates. Whether you're just hoping to improve your credit score by a few points or to undo years of bad credit history, it can pay to do your research and to take positive action as soon as possible.

One of the keys to improving your credit score and benefiting from discounted rates from lenders is to demonstrate a diverse credit portfolio, such as different types of loans. It's also important to keep up with your payments on these loans and credit accounts, as this will give lenders confidence in your ability to keep up with other repayments in the future.

You may be able to achieve the greatest success through a mix of instalment loans, such as personal loans, car loans and home loans, and revolving loans, such as credit card accounts. If you don't already have an instalment loan in your name, consider taking out a loan for a relatively small purchase that you won't have trouble paying back, such as electronic goods or furniture.

If you don't already have a credit card, applying for one can be one of the most effective ways of boosting your credit rating, though these cards could potentially harm your credit score further if you spend more than you are able to pay back each month. While paying your balances is important, it can be even more crucial to use your card regularly.

Even if you already have a credit card, consider applying for another one, or multiple cards, which can be used for different types of transactions. Paying down credit cards can be even more impressive to lenders than paying off a loan, especially if you can keep your credit cards close to their limits without going over each month - ideally between 10 and 30 per cent.

If you succeed in boosting your credit score, this could have a serious impact when taking out any type of loan in the future, especially when it comes to higher value loans such as mortgages, where the difference could run into thousands of pounds. You may also be eligible to apply for credit cards with the best rates from your card provider, which are not offered to customers with lower credit ratings.

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