Whalen Global Advisors Publishes New Analysis on How Incomplete Credit Data May Affect Mortgage Borrowers

New analysis warns incomplete credit data may be producing inaccurate mortgage credit scores, potentially costing borrowers thousands.


Christopher Whalen

ESTERO, FL, UNITED STATES, July 22, 2026 /EINPresswire.com/ -- For most Americans, buying a home is the largest financial transaction of their lives. But what if the credit score used to determine their mortgage rate is incorrect because the lender does not have complete credit data?
According to a new analysis published by Whalen Global Advisors, that scenario may be far more common than borrowers realize. If a lender relied on an incomplete credit history, a qualified borrower could pay a higher interest rate, spend more on mortgage insurance, have less purchasing power, or even be denied financing altogether. Over the life of a mortgage, the financial impact could amount to thousands of dollars.

In the latest issue of The Institutional Risk Analyst, mortgage finance veteran David Battany, Executive Vice President of Capital Markets at Guild Mortgage, argues that the mortgage industry's long-standing credit reporting process frequently generates multiple credit scores for the same borrower because each of the three major credit bureaus may be evaluating an incomplete credit file. Rather than producing one definitive assessment of creditworthiness, the current system can produce materially different scores for the same borrower on the same day.

"The average of three incomplete credit files does not somehow produce one accurate credit score," said Battany. "If the underlying data is incomplete, lenders may be making mortgage decisions based on credit scores that materially overstate or understate a borrower's true creditworthiness."

Mortgage interest rates, loan approvals, private mortgage insurance premiums, mortgage-backed securities, servicing valuations, and regulatory capital requirements all depend on accurate measurements of borrower credit risk. Yet today's system can produce credit score differences of 40 to 80 points for the same borrower on the same day.

WGA
Whalen Global Advisors

Whalen Global Advisors

"Most consumers assume they have one definitive credit score," said Christopher Whalen, Chairman of Whalen Global Advisors. "The reality is far more complicated. If the data being fed into the scoring model is incomplete, the resulting score may not accurately reflect a borrower's actual credit profile. That has consequences for borrowers, lenders, investors, and ultimately the entire mortgage market."

> Most Americans assume they have one definitive credit score. If the data behind that score is incomplete, they could be paying more for a mortgage without ever knowing it."
>
> *Christopher Whalen*

Battany argues that the problem is not the scoring models themselves, but the incomplete data used to generate them from the three major credit repositories. Rather than averaging three partially complete reports, he proposes combining all reported credit information into one comprehensive file before calculating a single definitive score.

"The mortgage industry has spent years debating which scoring model is best," Whalen added. "A more fundamental question has received far less attention: Are we feeding those models complete and accurate consumer data in the first place?"

For borrowers, the consequences can include higher interest rates, increased mortgage insurance costs, or denial of credit, while inflated scores may underestimate default risk and expose lenders and investors to unnecessary losses.
At a time when affordability remains one of the biggest challenges facing homebuyers, Whalen believes the industry should focus less on averaging imperfect scores and more on producing one accurate score from one complete credit file.
"The technology already exists," said Whalen. "This is not a question of building a better credit score. It's about making sure we are using complete information before making financial decisions that affect millions of American households."

Until the mortgage industry begins evaluating borrowers using one complete credit file instead of averaging multiple incomplete ones, consumers may never know whether the score used to price their mortgage truly reflects their financial history. Borrowers shopping for a mortgage should ask their lender how their credit score was calculated and whether it was based on their complete reported credit history.

About Whalen Global Advisors LLC
Whalen Global Advisors LLC (WGA) is a Florida-based consulting, risk analytics, and publishing company focused on the intersection of financial institutions, credit markets, housing finance, and global macro risk. WGA publishes The Institutional Risk Analyst, the IRA Bank Book quarterly review, and the widely followed WGA Top Bank and Top Precious Metals rankings.

For additional information, please contact:

Whalen Global Advisors LLC
info@rcwhalen.com

Ali Rickards Embers
The Embers Collective
email us here
Visit us on social media:
LinkedIn
YouTube
X
