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## High Court ruling on credit score formulation could invite more lawsuits against CTOS, say lawyers

By Hee En Qi / [theedgemaalaysia.com](https://theedgemaalaysia.com)

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KUALA LUMPUR (March 12): The High Court's decision last week that credit reporting agencies are not legally empowered to formulate credit scores could lead to more lawsuits against CTOS Data Systems Sdn Bhd (CDS), lawyers have cautioned. CDS is a subsidiary of Bursa Malaysia-listed CTOS Digital Bhd, whose share price has been hit hard by the ruling.

Corporate lawyer Wong Kar Ling from HAEME Advocates & Solicitors said the ruling could incentivise more individuals and businesses to challenge inaccurate credit reports and seek redress from credit reporting agencies for any resulting harm.

“The case filed by the businesswoman against CTOS Data Systems Sdn Bhd has the potential to influence legal precedents and open up avenues for further litigation against credit reporting agencies,” Wong told *The Edge* in an email response.

Lawyer Mohamad Zufarsyah from Messrs Abdul, Low & Partners was of a similar view, adding that those who have been denied loans are likely to review their credit reports promptly to identify any discrepancies or evidence of misinformation.

“Credit reporting agencies will likely need to overhaul their business models to comply fully with the [Credit Reporting Agencies] Act 2010, potentially discontinuing their credit score services altogether.

“Consequently, reliance on companies like CTOS for credit scores may soon become obsolete, signalling a significant shift in how creditworthiness is assessed and reported,” he told *The Edge* in an email reply.

CTOS did not immediately respond to *The Edge’s* request for comment. But in a bourse filing on Monday, CTOS said CDS had lodged a notice of appeal to the Court of Appeal.

Furthermore, National Consumer Complaints Centre (NCCC) chief executive officer Datuk Indrani Thuraisingham said the case could serve as a wake-up call to regulators, as the association has often received complaints from consumers alleging that they have been blacklisted by CTOS for missed payments as low as RM100.

“The CCRIS (Central Credit Reference Information System) only looks into official loans, such as housing loans and car loans, where the banks are involved. However, especially now that there are Buy Now Pay Later products, these are not taken into account by CCRIS. As such, banks rely more on CTOS which captures all this data for a more holistic view of credibility,” she explained.

“However, the problem is that CTOS does not update the information. If CTOS wants to expand its scope to giving out credit scores, there must be some sort of oversight from Bank Negara on that, in the sense that they must make sure their

information is updated because [otherwise] it will be very unfair for the consumers,” she told *The Edge*.

The Central Credit Reference Information System, better known by its acronym CCRIS, is owned and operated by Bank Negara Malaysia. Credit reporting agencies — such as CTOS and Credit Bureau — however are regulated by the Ministry of Finance under its Registrar Office of Credit Reporting Agencies.

According to the judgement dated March 7, the High Court ordered CDS to pay businesswoman Suriati Mohd Yusuf RM200,000 in damages, along with RM50,000 in costs, for an inaccurate negative credit rating. Suriati alleged that CDS had given her a negative credit rating based on inaccurate information, leading to personal and business losses.

At Tuesday’s noon break, shares of CTOS fell 30 sen or 20.7% to a 20-month low of RM1.15. The counter saw 134.22 million shares changed hands, making it the second most traded stock on Bursa. At RM1.15 per share, the company is valued at RM2.66 billion.

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