

FREE GUIDE FOR NEWCOMERS TO CANADA

The First 90 Days

Building Credit as a Newcomer to Canada

What I wish someone had handed me the day I landed.

— Sandeep

Arrived from India · 2018

BuildCreditCanada.ca

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Two rejections that changed everything

I moved from India to Canada in 2018, ready to build something real. I had savings, I had ambition, and I thought I understood money. What I didn't understand was how the Canadian credit system works — and nobody thought to tell me.

Mistake #1 — The Store Employee

Six months after arriving, a friendly store employee encouraged me to apply for their credit card right at the till. I filled out the form, feeling good about it. I was declined. What I didn't know was that the employee was working on commission — they had nothing to lose. I did. That hard inquiry sat on my credit file for months.

Mistake #2 — The Envelope With My Name On It

A few months later, a glossy envelope arrived in the mail. My name was printed right on it. I thought — surely this one is guaranteed. It felt personal, official. I applied the same day. Rejected again. I later learned that pre-approval mailers are sent to millions of addresses. The name on the envelope means absolutely nothing. The credit check means everything.

That second rejection was my turning point. I spent weeks learning how the Canadian credit system actually works. The answer was simpler than I expected: a secured credit card, applied for correctly, from day one. This guide is what I wish someone had handed me when I landed.

02 / FOUNDATIONS

The truth about Canadian credit

Before we get into the steps, here are the four things I wish I had known on day one. Understanding these will save you months of confusion.

Your foreign credit history means nothing here

Canada's credit bureaus — Equifax Canada and TransUnion Canada — only collect information about financial activity in Canada. Even if you had perfect credit in India, the UK, Nigeria or anywhere else, you arrive here with a blank slate. This isn't personal. It's the same for everyone.

Your score is built from five factors

Payment history (35%) — always pay on time. Credit utilization (30%) — keep your balance below 30% of your limit, ideally under 10%. Length of credit history (15%) — the longer you hold a card open, the better. Credit mix (10%). New inquiries (10%) — every application creates a hard inquiry. Don't apply for multiple cards at once.

Hard inquiries vs soft inquiries

A hard inquiry happens when you formally apply for credit — it shows on your report and temporarily lowers your score. A soft inquiry (like checking your own score on Borrowell) does not affect your score. This is why you should choose one card and apply once.

It takes 6–12 months — and that's completely normal

Most newcomers can reach 650+ within 6 months of consistent behaviour. Getting to 720+ — the score you need for a good mortgage rate — typically takes 10–14 months. This timeline is the same for everyone. The system just needs time to see your pattern of responsible behaviour.

300K+

Newcomers arrive in
Ontario yearly

\$0

Canadian credit
on arrival

12 mo

Average time
to 720+

720

Target score for
best mortgage rates

03 / WEEK 1

Open the right bank account

Your first instinct will be to walk into the nearest branch of a Big Five bank (RBC, TD, Scotiabank, CIBC, BMO). I did this too. Here's what happened to me — and what you should do instead.

The TD trap I walked into

Someone told me TD was a good choice because their branches are open late and on weekends. That part is true. What nobody mentioned was the fees.

I opened a TD chequing account that required a \$5,000 minimum balance. If I dropped below that — even by one dollar — the monthly fee was \$29.99. It now might be \$6,000 minimum. Settling into a new country is expensive, and my balance dropped. Boom — \$29.99 gone.

I downgraded to their \$3,000 minimum account — but that cost me the premium credit card I had received free as part of the \$5,000 plan. And the downgraded account still charged \$10–\$12/month if I fell below \$3,000. I was leaking money every single month without fully realising it.

It took me sitting down over the Christmas break to finally do the math and move to EQ Bank. That one decision stopped the bleeding completely.

What I recommend instead

EQ Bank or Tangerine. No monthly fees. No minimum balance. EQ Bank gives you one of the best savings interest rates in Canada — your emergency fund actually grows while it sits there. Tangerine (owned by Scotiabank) has free unlimited transactions and is excellent for day-to-day banking. Both are federally regulated and completely safe.

What to bring to open your account

- Your passport (primary ID)
- Your PR card, work permit, or study permit
- Your Social Insurance Number (SIN) — apply at a Service Canada location first
- Proof of Canadian address (lease agreement, utility bill, or bank welcome letter)

Big 5 newcomer programs — know what you're signing up for

The Big Five banks do have newcomer programs that include a credit card with no Canadian credit history required. These can be useful — but read the fine print on the banking account fees before you sign. Many newcomers get the free first year and are then stuck paying \$15–\$30/month afterward without realising it.

04 / WEEK 2

Get your first secured credit card

This is the single most important step in the entire guide. A secured credit card is how you build a credit file in Canada when you have no credit history. Do this in week two — not month two, not after you've settled in. Week two.

How a secured card works

You deposit money — say \$200 — and that deposit becomes your credit limit. The bank holds your deposit as security (hence 'secured'). You use the card for everyday purchases, pay the bill in full every month, and the bank reports your on-time payments to Equifax and TransUnion. That reporting is what builds your score.

The cards worth considering



Neo Financial Secured Card | Best overall for most newcomers

No annual fee. Deposit as low as \$50. Instant approval decision online. Cash back rewards of up to 5% at partner stores. Reports to both bureaus monthly. This is where I would start if I were arriving today.



Scotiabank StartRight Program | Best if you want everything under one roof

Designed specifically for newcomers. Includes a bank account and credit card together. No Canadian credit history required. Free banking for the first year. Must apply in person at a branch.



Capital One Guaranteed Mastercard | Best if you've been declined elsewhere

Truly guaranteed approval — no credit check at all. \$59 annual fee. Deposit between \$75 and \$300. Use this as a last resort if other options don't work out.



The one rule that changes everything

Apply to ONE card only. Each application is a hard inquiry. Multiple hard inquiries in a short period tell lenders you are desperate for credit and will hurt your score before it has even started. Pick your card, apply once, get approved. That's it.

05 / MONTH 1

Automate, then forget

You have your bank account. You have your secured card. Now do these three things and then let the system run itself.

1. Set up an automatic payment

Log into your bank account and set up an automatic payment from your chequing account to your credit card — set to pay the full statement balance every month, not the minimum. This one setup prevents you from ever paying interest and ensures you never miss a payment. Payment history is 35% of your score.

2. Keep your balance below 30% — ideally below 10%

This is the mistake most newcomers make without knowing it. If your credit limit is \$500, never let your balance go above \$150 (30%). Ideally keep it under \$50 (10%). Use the card for small regular purchases like groceries or a streaming subscription — then pay it off automatically.

3. Do not apply for anything else this month

No store cards. No car loans. No new bank accounts that require a credit check. Let your new card sit and build history quietly. The urge to speed things up by getting more cards is real — resist it.

Credit Utilization at a glance

Under 10%	10% – 30%	Above 30%
Excellent +++ score boost	Good Maintain here	Danger Hurting your score

06 / MONTH 2

Check your score for the first time

By month two, your card issuer will have reported your first payment to the credit bureaus. This is when you can check your score for the first time.

✓ Use Borrowell — it's free and it's a soft pull

Borrowell (borrowell.com) gives you free weekly credit score updates from Equifax without affecting your score at all. This is a soft inquiry, not a hard one. Sign up, connect your information, and start tracking your progress weekly.

What you'll see — and what's normal

Your first score might be in the 550–600 range. This can feel discouraging — don't let it be. A score in this range after 60 days means the system is working. You have a file. You exist in the credit system. Now it's just about consistency.

560–600**Month 2–3**

Credit file established. You're in the system.

620–650**Month 4–6**

Fair credit. Some unsecured cards become available.

660–700**Month 6–9**

Good credit. Most unsecured products are accessible.

720+**Month 10–14**

Mortgage territory. Best rates open up.

07 / MONTH 3

Your graduation plan

By month three you have three months of on-time payments, a growing credit score, and an established relationship with a lender. Here's how to build on that foundation.

Ask for a credit limit increase

After 3–6 months of on-time payments, contact your card issuer and request a credit limit increase. If your limit goes from \$300 to \$600, and you keep spending the same amount, your utilization percentage drops in half — which directly boosts your score. Most issuers will do this without a new hard inquiry.

Plan your graduation to an unsecured card

Once your score reaches 650+, you're eligible for unsecured credit cards — meaning you get your deposit back. The card I'd point you toward is the Tangerine Money-Back Credit Card. No annual fee. 2% cash back in two categories of your choice (groceries, gas, restaurants). Minimum income of just \$12,000. This is a card worth keeping forever — the long account history will help your score for years.

Keep your secured card open

When you graduate to an unsecured card, don't cancel your secured card immediately. The age of your oldest account is a factor in your score. Keep it open with a small automatic charge (a streaming subscription works well) and let it age. Cancel it only when you have other older accounts to replace it.

08 / HARD LESSONS

The mistakes I made so you don't have to

1. Going with a Big Five bank because of convenience

Weekend hours sound great until you're paying \$29.99/month because your balance dipped below the minimum. I lost hundreds of dollars in fees before I finally moved. EQ Bank and Tangerine have no minimum balance and no monthly fees. Full stop.

2. Falling for the store card pitch

The employee in the store was friendly and helpful. They were also working on commission and had zero incentive to protect my credit file. Always ask yourself: who benefits if I apply for this card right now?

3. Believing my name on an envelope meant I was pre-approved

Pre-approval mailers are mass marketing. The name on the envelope is just good printing. The real approval decision happens when they run your credit — and with no Canadian credit history, the answer will almost certainly be no.

4. Not knowing that EQ Bank existed

I sat down over Christmas and realised I had been paying fees on money that could have been sitting in an EQ Bank savings account earning interest. The move took one afternoon. I should have done it in week one.

5. Not monitoring my credit score

For the first year I was flying blind. I had no idea what my score was or whether my actions were working. Borrowell is free, takes five minutes to set up, and gives you weekly updates. There is no reason not to know your number.

09 / YOUR ACTION PLAN

The 90-Day Checklist

Print this page. Check things off. The order matters.

Week 1

- Get your SIN (Social Insurance Number) from Service Canada
- Open an EQ Bank or Tangerine account — no fees, no minimum balance
- Set up your online banking and e-transfer

Week 2

- Research secured credit cards (Neo Financial is a strong starting point)
- Apply to ONE card only — no more
- Receive your card and activate it

Month 1

- Set up automatic full statement payment from your bank account
- Make one small purchase per week on the card
- Keep balance below 10% of your credit limit
- Do not apply for any other credit products

Month 2

- Sign up for Borrowell (free) and check your score
- Confirm your payment is being reported to Equifax and/or TransUnion
- Continue paying in full automatically every month

Month 3

- Request a credit limit increase from your card issuer
- Review your Borrowell report for any errors
- Research the Tangerine Money-Back Card for when you hit 650+
- Celebrate — you are on your way

You arrived with zero. Build your credit.

The Canadian credit system isn't designed to help you. It's designed to serve people who already have credit. But once you understand the rules, it's completely beatable — and 720+ is genuinely achievable within your first year.

Good luck. You've got this.

— Sandeep

BuildCreditCanada.ca

Free guides, tools, and card comparisons for newcomers to Canada.

Not financial advice. For informational purposes only.
Card terms, fees, and rates are subject to change. Always verify with the issuer.