

Bankrate

Nearly Half of Loan Applicants Have Been Rejected Over the Past 12 Months

Majority of rejected applicants say the denial hurt their personal finances

NEW YORK - February 3, 2025 - Nearly half (45%) of Americans say they have applied for a loan or financial product in the past 12 months (i.e., since December 2023) and 48% of those applicants have faced a denial, according to a new Bankrate survey. About 14% of applicants have been denied more than one loan or financial product.

For more information: <https://www.bankrate.com/credit-cards/news/credit-denials-survey/>

About 1 in 8 total applicants were rejected for credit cards (13%). Other frequent rejections include a credit limit increase on a credit card (11%), a personal loan (11%), a car loan or car lease (7%), insurance (7%), a balance transfer credit card (6%), a mortgage loan (5%), debt consolidation loan (4%), a home equity or home equity line of credit (4%) and a home or apartment rental application (3%). The remainder don't know/can't recall (6%) or prefer not to say (5%).

"At its simplest level, higher rejection rates mean lenders have grown pickier about who they approve — and who they don't — for new financing," said Bankrate Analyst Sarah Foster. "Currently, it's not widespread unemployment or imminent fears of a recession that's got them jittery. Rather, it's today's high interest rate-era — persisting even after the Fed cut interest rates three times in 2024."

The share of Americans with lower credit scores were more likely to be denied for a loan or financial product. The majority of applicants (64%) with "poor" or "fair" credit (scores under 670) were rejected, compared to 45% with "good" or "very good" credit (scores between 670-799), and 29% with "exceptional" credit (scores between 800-850) who were rejected.

Younger generations, lower earners, and parents of children under the age of 18 were the most likely to be denied for a loan or financial product they applied for:

- 65% of Gen Z (ages 18-28) and 59% of millennial (ages 29-44) applicants were denied, compared with 41% of Gen Xers (ages 45-60) and 30% of baby boomers (ages 61-79).

- 59% of individuals making under \$40,000 a year were denied, compared to 43% each of those making between \$40,000 and \$79,999 and \$80,000 or more annually.
- 55% of applicants with children younger than 18 were denied a loan or financial product, compared to 32% of parents with children aged 18 or older.

Among applicants who faced a denial, the majority (65%) say it negatively impacted their personal finances in at least one way. This includes 22% who felt more stressed about the state of their finances, 20% who had to borrow from family or friends, 17% who couldn't access the credit they need, 14% who had to pursue alternative financing (i.e., payday loans/cash advances/buy-now, pay-later products) and 13% who had to delay a major financial milestone.

However, for those who were denied for a loan or financial product they had applied for, 54% took at least one action following the rejection that could boost their odds at getting approved in the future. About 1 in 4 (23%) worked on improving their credit score, 16% paid off or made a plan to pay off existing debt, 15% increased or made a plan to increase their income and 14% sought out financial help to improve their credit score or help with reapplication. Another 10% requested an explanation from their lender as to why their application was denied.

“With [interest rates likely to remain elevated for another year](#), concentrate on keeping your credit score in tip-top shape, so you can improve your chances of getting approved and score a lender's most competitive rate,” added Foster. “Repairing your credit is a process that won't happen overnight, but even small steps can make a difference and compound over time. It's encouraging to see that many denied applicants are taking such steps to improve their odds at getting improved in the future.”

Methodology:

This survey has been conducted using an online interview administered to members of the YouGov Plc panel of individuals who have agreed to take part in surveys. All figures, unless otherwise stated, are from YouGov Plc. The total sample size was 2,216 U.S. adults, of whom 1,007 had applied for a loan or financial product within the past year. Fieldwork was undertaken between December 9-11. The survey was carried out online and meets rigorous quality standards. It gathered a non-probability-based sample and employed demographic quotas and weights to better align the survey sample with the broader U.S. population.

About Bankrate:

Bankrate has guided savers and spenders through the next steps of their financial

journeys since 1976. Whether it's rates or information on mortgages, investing, credit cards, personal loans, insurance, taxes or retirement, the company offers various free resources to help consumers reach their goals. From product comparison tools to award-winning editorial content, Bankrate provides objective information and actionable next steps. Bankrate also aggregates rate information from over 4,800 institutions on more than 300 financial products, with coverage in more than 600 local markets. It's why over 100 million people put their trust in Bankrate every year.

For more information:

Taylor Lynch

Publicist

taylor.lynch@bankrate.com

980-366-0594

Bankrate

