

Credit Accounts and Divorce

The type of debt you and your spouse have will determine your options for deciding who will pay it off and how. There are two types of credit accounts: individual and joint. When you and your spouse applied for credit, you had to choose which kind of account it was.

If you are not sure what type of account you have for your credit cards or other accounts like your car loan, check your credit report which will list the type for each account. You can also directly contact each financial institution that holds the account.



Individual Account

In most cases, when you open an individual account, the creditor considers only your income and credit history. You alone are responsible for paying off the debt. On your credit report, it will be listed as an individual account. If you are an authorized user on your spouse's individual account, that account will be listed on your credit record, but your spouse will be the individual account holder.

Take special note, however, if you live in a community property state. In this case, you and your spouse may both be responsible for debts incurred on individual accounts during the marriage. In addition, your spouse's individual debts may be listed on your credit report, and vice versa.

Joint Account

The creditor considers both spouses' income, financial assets and credit history when you open a joint account. Both you and your spouse are responsible for paying off the debt. It will be reported on credit reports for both you and your spouse.

You can state in your divorce decree who will be responsible for joint accounts. For example, it could state that your ex-spouse would pay for two jointly held accounts. However, if he or she does not pay, the creditor can hold you legally responsible for paying off those two joint accounts. Late fees can also appear on your credit record if your spouse pays the bills late.

Both you and your spouse are responsible for paying off the debt. It will be reported on credit reports for both you and your spouse.

continued

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Closing Joint Credit Card Accounts

To close a joint credit card account, you need to contact to the credit card company. If you close the account, ask for a final statement. If you and/or your spouse cannot pay off the balance, ask that the card be placed on inactive status and closed once it is paid in full.

A credit card company cannot close a joint account because you are getting divorced unless either you or your spouse makes this request. You can also request that the joint account be changed to an individual account in your name. However, the credit card company does not have to do this. It can require you to reapply for a credit card based on your individual credit history, income and assets and then approve or deny your application.

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