

## Keeping Good Credit During a Divorce

Are you going through a divorce or a separation? If so, you may want to pay special attention to your credit.

### Do this immediately!

The first thing to do is to **contact all the places where you have credit or loans**—credit card companies, banks, credit unions, etc. Tell them that you are in the process of a divorce. Find out what kind of an account or accounts you have.

There are three kinds of accounts you should be concerned about:

- **Joint account.** One that is shared by you and your spouse. It has both names on the account and both of you charge or write checks on it.
- **Individual account.** One that is for one person only and no one else can write checks or charge on the account
- **Authorized-user account.** One where one spouse's name is on the account, but both can make charges on the account. The person whose name is on the account is responsible for the entire balance.

Be especially careful about authorized-user and joint accounts. One spouse could run up a large bill without the knowledge of the person responsible for the account. It can happen quickly and can add up to some big dollars. Be aware that you are responsible for any accounts that were opened in your name. So any joint or authorized-user accounts should be closed immediately. Set up a new individual account for yourself.

**Closing a joint account.** By law, a creditor cannot close your joint account without your permission. So you have to request this change yourself—or have your name removed from the account. A creditor doesn't have to change your joint account to an individual account automatically, though. If you want to keep this account, you'll have to apply for it in your name only.

### Who's responsible for the bills?

**If a joint or authorized-user account remains open,** you are responsible for the balance on the account. It doesn't matter what your divorce papers say. Even if you didn't make the purchase, you are responsible. During the process of the divorce, your soon-to-be-ex-partner could run up bills that you cannot pay. Since your name is/was on the account at the time the charges were made, you could be held responsible.

When the final divorce is granted, sometimes the court will assign the bills to you or your spouse. That's between the two of you and the courts. The creditor can still hold both or either one of you responsible and can sue you for the balance.



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**A special caution for residents of Wisconsin.** It doesn't matter if accounts and debts from the time you were married are individual or joint. You can still be held responsible for your spouse's debts from the marriage. Even the individual accounts of your ex-spouse could appear on your credit report. Wisconsin is a community property state. This means that whatever you and your spouse built up together, whether assets or debts, is considered community property or marital property.

*Your divorce lawyer should be able to answer any questions you have on the Marital Property Law.*

## Check your credit reports

You should **get copies of your credit report** from each of the three of the credit reporting agencies. When you receive your copies check over the information to be sure all is correct. Anything that isn't correct needs to be disputed with the credit reporting agency reporting the misinformation.

If you have questions or need help getting your credit reports and/or disputing them, call CBR at 637-9580 or email us at [info@cbrace.com](mailto:info@cbrace.com) to set up an appointment. Gloria Mitchell, the executive director, is available to meet with you in a confidential meeting between 8:30 and 11:30 a.m.



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