

Q & A SESSION: DIVORCE AND CREDIT

Q. Where Do I Begin to Prepare My Personal Finances For a Divorce?

A. It is important that you obtain a copy of your credit report from each of the three major credit bureaus, Experian, Equifax, and Trans Union.

Your credit report is an individual assessment of your personal credit history and risk to potential creditors. Ordering copies of your credit report allows you to see exactly what is going on regarding your credit, in a form that is consistent with what your creditors see. The FACT Act allows you one free copy of your credit report per year from each of the three major credit bureaus. Visit www.annualcreditreport.com to order your credit report

You can contact the three major credit bureaus at:

1.) Experian
P.O. Box 2003
Allen, TX 75013
1-888-EXPERIAN

2.) Equifax
P.O. Box 740241
Atlanta, GA 30374
1-800-685-1111

3.) Trans Union
P.O. Box 1000
Chester, PA 19022
1-800-888-4213

online so you can have a current snapshot of your debt, and credit accounts of both the past and present, as well as any information of public record.

Q. Can a Creditor Close My Account because of My Divorce?

A. No, divorce is not a reason for a creditor to close your account on their own. A creditor will however, close an account if it is requested by one or both of the parties involved in the divorce.

Q. Can I Be Held Solely Responsible for the Debt from Our Marriage?

A. Yes, both you and your ex-spouse can be held liable for all debts that you acquired together during your marriage. Property laws vary in different states in the U.S., based upon Community Property Law and Common Law. Typically however, in both Community Property states and Common Law states, a creditor can pursue payment of a defaulted joint from either of the parties involved.

Q. Can I Be Held Responsible for my Ex-Spouse's Debt?

A. No, any debt accrued separately from before or after a marriage is only the responsibility of the individual. The only debt for which you can be considered liable is a joint-debt, debt incurred by an authorized user or spouse you cosigned on a loan, or a debt both spouses acquired together during marriage.

Q. How Do I Begin Building Credit On My Own?

A. There are many people who have never had credit of their own because of joint credit and bank accounts through marriage. While you cannot build or heal your credit overnight, the following steps can help you establish credit by building a positive credit history over time:

- 1.) Close all joint accounts with your ex-spouse. Building credit in your own name cannot be accomplished if your ex still has access to credit cards that have your name attached.
- 2.) Open an individual bank account. If you haven't done so already, be sure to open a checking and savings account for your own personal use. These accounts will help you manage your money and allow you to start saving for the future.
- 3.) Open a secured credit card account. Secured credit cards are great ways to start building credit because it allows you to purchase items on credit without as much threat of default. A secured credit card requires you to provide collateral in case of repeated failure to pay your bill, and chances are, you will be more likely to pay your bills on time if you have the risk of losing a car or piece of furniture.
- 4.) Pay off bills in full and on time. Paying off debt in full prevents any finance charges from accruing and will always keep you safe from losing any collateral. On most credit accounts, even one late payment will result in finance charges that increase the overall cost of credit. Keep in mind however, that ATM/Debit cards do not build credit.



ABOUT ACCC: American Consumer Credit Counseling (ACCC) is a non-profit 501 (c)(3) organization dedicated to empowering consumers to regain control of their lives through education, counseling and debt management. ACCC provides individuals with practical solutions for solving financial problems and recognizes that consumers' financial difficulties are often not the result of poor spending habits, but more frequently from extenuating circumstances beyond their control. As one of the nation's leading providers of financial education and credit counseling services, ACCC works with consumers to help them with the best plan of action to reduce their debt and regain financial stability. For more information or to access free financial resources log on to www.consumercredit.com.

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