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Till debt do us part: 7 steps to protect your credit in a relationship

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You love each other deeply and are committed to spending the rest of your lives together, but how much do you know about your partner's credit history? What you don't know, can hurt you.

With the average American carrying a balance of $7,404 on their credit cards, the debt talk is a must for couples at any stage in their relationship.

Credit is "something that is discussed because it could change the whole process of your life if somebody has a problem with their credit, or at least change the next 7 to 10 years," says Tracy Becker, author of the Credit Solutions Kit and founder of credit restoration company North Shore Advisory.

Before you say "I do" or agree to sign a lease in loving co-habitation, follow these seven steps to ensure you're protected.

Pay attention to warning signs
Strange number appearing on your call display? Your partner's hushed conversations causing you to lose sleep at night? Your loved one may be having an affair — with a collections agency. If you partner refuses to discuss money, has a wallet bulging with plastic and racks up charges like a Kardashian, they

may be in over their head. “If you’re going out with someone and their credit card doesn’t work often, that might be an indication there is a problem,” Becker says.

Review your credit reports together

Knowledge is power. If you don’t know where you’re at, you won’t know how to get where you want to go. Every American is entitled to a free annual credit report from each of the three nationwide credit agencies: Experian, Equifax and TransUnion. The information in your credit report is used to evaluate your application for financing, whether it be for a car loan, mortgage, insurance, etc. If your partner has a troublesome relationship with credit, your rental or mortgage application may be denied.

“If there’s an issue, it should be addressed immediately,” Becker says. “There are many ways to improve credit, it takes years, but if you start early instead of waiting until six months before you want to buy a house, you may be able to prepare yourself ahead of time so you don’t have to have a problem.” Couples can request their free credit report at annualcreditreport.com.

Maintain separate accounts

Let’s be honest here — half of marriages end in divorce. “You never know what can happen to you and your significant other. If there’s a divorce, right away the lawyers will say ‘stop paying your credit cards’ and right away everyone’s credit gets ruined,” Becker warns. The more intertwined your finances are, the less privacy and independence you have should your relationship sour. If couples maintain separate bank accounts and credit cards, not only will they avoid a grudge match when someone comes home with a new Hermes Birkin, but the more financially conservative partner won’t get stuck paying for it.

Make it difficult to obtain credit

Request a fraud alert on your file with the nationwide credit reporting companies. A fraud report is generally used to alert consumers of potential identity theft, but it’s also a handy tool to ensure your partner isn’t opening credit in your name.

“That’s a really great thing to do for anyone who has good credit. Because if fraud was going to be committed against you and somebody was going to open up a new account, they couldn’t do it without your approval and that would be a red flag right there that there was a problem,” Becker says.

When a fraud alert is activated, creditors must contact you directly to confirm it is, in fact, you that is trying to obtain credit. Consumers have the choice of requesting a 90-day alert or an extended alert, which will be active for seven years. Be forewarned, a fraud alert will also make it more difficult for you to obtain credit as well.

“The downside of having a fraud alert is that you’re not going to get instant credit when you’re at Macy’s and you go for a new credit card but that’s OK because you may not ruin your life,” Becker says.

What do you do if the single life doesn’t appeal to you, but the apple of your eye is drowning in debt? Here are a few tips to get their credit in check:

- **Don’t open or close any credit**
  Applying for a new credit card or closing a card barely used can drop your credit score by at least 60 points. “Opening credit is not a good idea if you’re looking to have really good scores in the near future, unless you don’t have any credit then obviously you need to open credit,” Becker says.
- **Add your partner as an authorized user on your established credit**
  “I can add my husband on as an authorized card holder to a credit card I’ve had for 20 years and that will boost his credit scores significantly because he’s getting an old account,” Becker says. If you’re worried about your partner’s spending habits, don’t give them a credit card. Just add them as an authorized user and monitor your monthly statements for any unrecognizable charges. Make sure to use your older credit at least two or three times per year to ensure it stays open. An easy way to do this is to set up an automatic monthly charge, say a gym membership, that you can then pay off every month.
- **Don’t max out your cards**
  If your balance is over 10 percent of your limit, your score will drop, Becker cautions. “Your score could drop 100 points just by having a Victoria Secret card that has a $500 limit and a $500 balance. Keeping balances low is a necessity when you’re going to go for financing because that will keep your score high,” she says.