

## Protecting credit during a separation

By [Vanessa Santilli](#) • Bankrate.com

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Ending a marriage is typically a time rife with emotional turmoil.

But devastated or not, couples need to be financially aware while negotiating their separation agreement, says Andrew Feldstein, managing partner with Feldstein Family Law Group in Toronto.

"A credit card gives you the ability to spend money," he says. "And in some cases, it's the ability to spend somebody else's money."

If you're in the process of negotiating a separation agreement -- with the goal being to get a divorce -- here are some practical tips to protect both your credit cards and your credit rating.

### **1. Reduce your credit limit**

When credit cards are held jointly, neither side can cut the other off completely, says Feldstein.

But ask yourself: Is my spouse the type of person who would run up the credit cards on frivolous purchases or out of spite?

"If the answer is yes, then one practical thing you can do is reduce the credit limit on your credit cards," says Feldstein. "If you have a \$50,000 credit card limit, lower it to \$10,000."

At the same time, he adds, both parties need to be in the same position as they were during the marriage in terms of accessing the necessities of life: "Children need to be taken care of, groceries need to be bought and bills must get paid."

### **2. Keep on top of payments**

Be sure to make regular payments on shared credit cards, loans and other forms of revolving credit, says Apolonia D'Sa, a Mississauga-based trustee in bankruptcy and vice president at BDO Canada Limited.

It's also a good idea to open an account in your own name so you can actively work on building a fresh credit history.

### **3. Keep an eye on your line of credit**

A line of credit can come in handy, but having this financial tool at your disposal will become tricky if one spouse misuses this.

"Keep your line of credit at the bank, but stipulate that any loan against the line of credit requires the signature of both spouses," says Feldstein. "Both spouses may want access to the line of credit to pay their respective lawyers. That way, there cannot be any surprises."

### **4. Stay informed**

If you have joint cards, consider installing a credit card app on your phone, says Feldstein. "You should do this not only to protect yourself from potential identity theft and potential fraud but also, if you see a charge for a \$14,000 Cartier watch, you can call your spouse and ask what is going on."

In financial matters, it is always better to be safe than sorry, he says. "If there are unusual purchases going through your account, you can send your spouse an email and nip that outlandish purchase in the bud."

It's also a smart idea to obtain a copy of your credit report (from Equifax or TransUnion) to review for accuracy and correct any discrepancies.

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