

Living Together and Your Credit

Your goals and visions can change unexpectedly. It's not planned, and it can't be predicted. But it happens often. You enter into a relationship planning a future together, but at some point you or your partner has a change of heart.

But for the first few years of your relationship, though not married, you and your partner, like most blissful couples, did everything together. You bought a house together. Set up the utilities in both names, acquired joint credit cards, completely combined all your credit. You even had a joint checking account. It seemed like the right thing to do at the time.

The relationship is now in the past, and you're living separately, yet how do you divide the debts? Without legal documents to sort out responsibilities, it's not an easy task, no matter how friendly your parting may be.

What if you discover that your ex-partner is not paying the bills you agreed upon? Frustrated, you decide to get a loan and move on with your life.

But the past-due notices that you never knew existed have your name at the top of a collection agency's list. "But I don't owe those payments!" you tell the agent. "Your name's on it," they say.

What do you do now?

While loan officers can help turn your credit around, it can take months, even years, to sort out the damage. In addition, some debts can stay on your credit report for as long as five years affecting your credit rating and ability to take out new loans.

3 important tips on integrating expenses with a partner or roommate:

1. When considering moving in together, check each other's credit scores by pulling credit reports. Know your partner's financial position to help make good decisions together.
2. Don't combine your credit! Your credit is too important to you and your future. Maintaining separate accounts and ownership will protect credit scores down the road.

3. Keep all bills in separate names. Clearly define who is responsible for which bills and expenses, including mortgages, titles and/or utilities.
4. Maintain your own checking and savings accounts. Even when married, building separate savings accounts with a combined checking is a good idea so that person has their own nest-egg for emergencies.
5. Clear communication is key. Make sure finances are openly discussed between you two.