

Credit Repair

How to Manage Your Credit While Living Abroad



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If you're planning to move abroad, don't neglect your credit at home. If you leave your U.S. credit accounts dormant for too long, you could come home to find that your credit score has deteriorated — or that you no longer have a [credit score](#) at all.

According to experts, it's crucial for Americans living overseas to keep their U.S. credit histories going — especially if there's a chance you'll eventually return.

“Your credit will not wait for you,” said Rod Griffin, director of consumer education and awareness at Experian. “If you’re moving abroad, you need to be active in maintaining your credit history in the U.S. so that it’s there for you when you come back. If you have accounts that you do not use, they will fall off your credit report.”

All [three major credit bureaus](#) say that they will remove any closed accounts from your report after 10 years of inactivity. Meanwhile, creditors may – without warning – close accounts if you neglect them, even if you would have preferred they stayed open.

Months or years of inactivity could also make it impossible for U.S. lenders to generate a credit score. Credit scores are fueled, in part, by recent activity, according to Griffin. So if you don’t use an account for a while, “it may not be included in the credit score calculation, even if it’s on your report.”

Don’t expect to fall back on the credit history you build in another country either. The financial reputation you build abroad typically won’t help you, according to Marylouise Serrato, executive director of American Citizens Abroad. “Most foreign countries don’t provide the same kind of credit record.”

Don’t be discouraged though. You can still maintain a healthy U.S. credit history from abroad. As you put down roots outside the U.S., here’s how to protect your credit while you’re gone.

Continue using U.S. credit cards

One of the best ways to maintain an active credit history is to keep a U.S. credit card and use it periodically, according to Nancy Bistriz-Balkan, vice president of communications and consumer education at Equifax. A growing number of U.S. credit cards don’t charge foreign transactions fees, so you can use the cards while you’re away.

Just don't forget to tell your lender where you are; otherwise, they may start to worry about your foreign transactions and [freeze your account](#).

Keep your old cards active

You should also continue to use your old cards periodically — even if you have to eat a foreign transaction fee here or there — so that your credit score can continue benefiting from a robust and lengthy credit history. Foreign transaction fees are generally pretty low (around 3%), so using your old cards for the occasional dinner out or grocery run won't cost a ton of money. Alternatively, you could use your cards for stateside expenses, such as storage fees or birthday and holiday gifts for friends and family.

Continue paying all your bills

Even if you don't plan on returning to the U.S. anytime soon, don't think you can get away with skipping out on your debts in the U.S. "You still have to make good on your commitments," said Bistriz-Balkan. "You can't abandon your credit."

Maintain a U.S. bank account

You'll also make your life easier — and make it simpler to maintain U.S. credit accounts — if you hang onto a U.S. bank account. Be forewarned, though. You may have trouble with some banks if you don't have a local address. Due to stricter enforcement of "[know your customer](#)" regulations, "we've been seeing in the past few years

that banks want to ensure that the clients they're managing have a reputable U.S. address," Serrato said.

That means your bank may not accept a P.O. box and may not look kindly on you using a relative's address. You may want to look into a financial institution that caters to expats, such as USAA or the State Department Federal Credit Union (SDFCU), which [offers](#) a credit union account to any member of American Citizens Abroad.

Learn your new home's banking system

In addition to cultivating your U.S. credit history, you should also learn everything you can about the banking system and credit culture in your new home country. "Every country has its own set of rules and regulations and they're all different," said Griffin. Some countries don't have credit reports at all. Others have credit systems similar to the U.S. credit system.

Canada, for example, has two major bureaus: TransUnion and Equifax. Although somewhat different from U.S. credit scores, Canadian scores largely take into account the same factors, such as whether you pay your bills on time and how much available credit you're using. But even then, you may still not get any credit for the foreign scores you build abroad. "Many financial institutions in the U.S. simply won't recognize them, even if you do have a credit record," said Serrato.

Depending on where you move, you may also be able to convert your U.S. credit cards into foreign cards if your issuer also operates in that country. For example, American Express will work with you to transfer your American Express cards if you move to Canada,

Australia, Singapore or another country where American Express operates.

Bottom line

It doesn't matter how long you plan to be away; it's important to keep close tabs on your credit and financial health — both in the U.S. and in your new country. Even if you don't ever plan on moving back to the U.S., you should still try to maintain a good credit record — just in case. You never know what could happen in the future. “It's not a good idea to just pick up and close everything down,” Serrato said.

If you are looking to repair your credit [click here](#) to learn more!