

Who Owns Credit Card Debt After the Death of a Parent?

**By Matthew Crider, JD
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Administering the estate of a deceased loved one can be complicated and emotional under the best of circumstances, but executors who take on this overwhelming task may find themselves facing more than just the demands of relatives and heirs—they may also find themselves facing the illegitimate demands of creditors. This article on the New York Times' New Old Age Blog warns readers to "Be wary of collection agencies that try to convince you that you are responsible for payment on a card owned solely by a deceased parent."

After the death of a parent, children and heirs often receive calls from debt collectors looking for someone—anyone!—to pay off the debts of the deceased, even if the heirs have no obligation to do so. In most situations relatives are not required to pay the debts of the deceased from their own assets. "Spouses, children or other loved ones don't 'inherit' credit card debt unless they co-signed the card... When someone dies, credit card companies have to wait near the back of the line to receive payment. If what's left over after settling the estate isn't enough to pay the bill, credit card debt is written off."

Probate or administration of an estate is a process which follows established steps; heirs and credit card companies alike must wait their turn in line. "Administrative fees (like executors' fees, filing fees, appraisals of property and tax-preparer fees), mortgages, reverse mortgages, taxes and even funeral expenses have to be paid off before heirs can inherit anything from the estate." Unfortunately, most bereaved relatives aren't aware of the laws on this subject, and debt collectors take advantage of that ignorance.

The best way to avoid this painful interaction is to have a proper estate plan. "Most of the headache can be avoided with a will... If you make it well known who owns what, both in terms of assets as well as liabilities, you can prevent a lot of this from taking place outside of your control." The article also recommends taking preemptive action. "After the death of a parent, send a letter or call the banks and credit card companies to cancel cards and let them know that the cardholder has died."

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About Matthew Crider, J.D.

Matthew Crider formed [Crider Law PC](#) in 1999 so he could help individuals and business owners by providing creative solutions and be their trusted advisor and legal counselor. He serves his clients by listening closely to their goals, dreams and concerns and working with them to develop superior and comprehensive estate and asset protection plans. His estate planning practice focuses on preserving and growing wealth by providing comprehensive, highly personalized estate planning counsel to couples, families, individuals and businesses.

