



About 62 Million Cardholders Had Card Limits Cut, Card Accounts Closed Involuntarily During the First 4 Months of 2021

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LendingTree Survey Finds Lack of Activity and Credit Score Drop As Main Drivers Behind the Cuts

CHARLOTTE, N.C., May 25, 2021 /PRNewswire/ -- Nearly one in three credit cardholders had their card's credit limit slashed — or even had it closed altogether — during the first four months of 2021, according to a new [survey](#) from LendingTree.



Key findings

- **Credit card issuers continue to slash limits or close cards.** Nearly 1 in 3 credit cardholders say their issuer slashed their limit and/or closed one of their cards in the first five months of 2021. Millennials and Gen Zers were hit hardest.
- **Fewer cardholders are victims of involuntary cuts and closures than at the onset of the pandemic.** From late March to mid-July 2020, more than 1.1 million cardholders per day were impacted, while from January to mid-April 2021, about 558,500 per day were impacted.
- **Limit cuts are more common than card closures.** About 30% of cardholders say their issuer slashed their limit at some point since the beginning of 2021, while 21% have had a credit card closed during the same time frame.
- **Lack of activity is the main driver behind involuntary card closures and limit cuts, followed by a credit score drop.** Recent late payments was another common factor.
- **More than 1 in 5 cardholders don't know that a closed credit card can hurt their credit score.**
- **Consumers are changing their habits to avoid card closures or limit cuts.** 30% say they started using a little-used card during the pandemic for this reason, while a further 22% had already developed this habit before the pandemic.

"Unfortunately, there's no foolproof way to keep an issuer from closing your card, but there is a simple way to improve your odds: Use the card more," said LendingTree's Chief Credit Analyst, Matt Schulz. "It's also important to understand that banks don't just close dormant accounts and slash credit limits during bad economic times. It can happen even in the best of times, so keeping those cards in use is a good idea at any time, as long as you do it wisely."

Schulz offers consumers some helpful tips if they want to get their credit card reopened:

- **You have to ask.** There's no guarantee that you'll be successful, but they definitely won't change their mind unless you request it. Make the call.
- **Look for specific contact info in the notification you received.** I found out in an email that my card had been closed. That card contained a phone number — different from the one on the back of my card — to call and ask questions about the closure. That was where I started.
- **Be polite.** Sure, you might be angry about the closure, but taking it out on the customer service representative isn't going to get you anywhere. Be nice. Yes, be direct and clear. But be kind, too.
- **Update income level and other relevant information, if necessary.** Has your income increased since you last provided that information to the issuer? If the card is several years old, it might have. If so, let the issuer know. It gives the issuer a new data point to consider in making their decision. And remember, in many cases, it is OK to include your spouse's income in the amount you tell the issuer. That could make a difference.
- **Know it may take some time to get an answer.** I learned of their decision 7 to 10 business days after my request. You shouldn't expect to get an answer on the same day, but it shouldn't take a month either.
- **Make sure you get a reopened account, not a new one.** Remember, you're not asking for a new card. You're asking for your old one to be reopened. When making the request, make sure to confirm that your history on this card will appear unbroken on your credit report.

- **If all else fails, look at other options.** You may not get your way. If you don't, consider opening a new card to make up for the lost available credit. You can also consider asking for a higher credit limit on one of your other cards. That can help minimize the hit to your credit caused by the card closure.

To view the full report, visit: <https://www.lendingtree.com/credit-cards/study/62-million-had-card-limits-cut-accounts-closed-early-2021/>.

Methodology

LendingTree commissioned Qualtrics to conduct an online survey of 1,013 credit cardholders from April 14 to April 21, 2021. The survey was administered using a non-probability-based sample, and quotas were used to ensure the sample base represented the overall population. All responses were reviewed by researchers for quality control.

About LendingTree

LendingTree (NASDAQ: TREE) is the nation's leading online marketplace that connects consumers with the choices they need to be confident in their financial decisions. LendingTree empowers consumers to shop for financial services the same way they would shop for airline tickets or hotel stays, comparing multiple offers from a nationwide network of over 500 partners in one simple search, and can choose the option that best fits their financial needs. Services include mortgage loans, mortgage refinances, auto loans, personal loans, business loans, student loans, insurance, credit cards and more. Through the My LendingTree platform, consumers receive free credit scores, credit monitoring and recommendations to improve credit health. My LendingTree proactively compares consumers' credit accounts against offers on our network and notifies consumers when there is an opportunity to save money. In short, LendingTree's purpose is to help simplify financial decisions for life's meaningful moments through choice, education and support. LendingTree, LLC is a subsidiary of LendingTree, Inc. For more information, go to www.lendingtree.com, dial 800-555-TREE, like our Facebook page and/or follow us on Twitter @LendingTree

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