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The CFPB amends card act rule to make it easier for stay-at-home spouses and partners to get credit cards

Amendment allows consumers who are 21 or older to rely on accessible income for credit card applications

WASHINGTON, D.C. – Today the Consumer Financial Protection Bureau (CFPB) updated existing regulations to make it easier for spouses or partners who do not work outside of the home to qualify for credit cards. Today's amendment, first proposed by the Bureau in October 2012, allows credit card issuers to consider income that a stay-at-home applicant, who is 21 or older, shares with a spouse or partner when evaluating the applicant for a new account or increased credit limit.

"Stay-at-home spouses or partners who have access to resources that allow them to make payments on a credit card can now get their own cards," said CFPB Director Richard Cordray. "Today's final rule is an example of the Bureau's commitment to working with consumers and financial institutions in order to ensure responsible access to credit for American families."

The Credit Card Accountability Responsibility and Disclosure Act (CARD Act) became law in 2009. The CARD Act requires that card issuers evaluate a consumer's ability to pay before opening a new credit card account or increasing a credit limit. Under current CARD Act regulations, a card issuer generally may only consider the individual card applicant's independent income or assets.

Information received from industry participants suggests that otherwise credit-worthy individuals have been declined for credit card accounts under the current regulation, even though they have the ability to manage the debt. The data suggests that a significant number of these individuals may be stay-at-home spouses or partners with access to income from an employed spouse or partner.

For credit card applicants who are 21 or older, the Bureau's revision allows card issuers to consider third-party income if the applicant has a reasonable expectation of access to it. Although today's rule applies to all such applicants regardless of marital status, the Bureau expects that it will ease access to credit particularly for stay-at-home spouses or partners who have access to a working spouse or partner's income.

Census data indicates that over 16 million married people do not work outside the home. That equates to approximately one out of every three married couples who now may have easier access to credit cards as a result of the Bureau's amendment.

The Bureau issued a proposed rule in October 2012 and received over 300 comments from individual consumers, consumer groups, retailers, trade groups, banks, credit unions, card issuers, and other financial institutions. The Bureau considered those comments in formulating the final rule. The final rule is being sent to the Federal Register today and will take effect upon publication. Credit card issuers will have six months to comply with the new regulation.
The final rule is available at: http://files.consumerfinance.gov/f/201304_cfpb_credit-card-ability-to-pay-final-rule.pdf

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The Consumer Financial Protection Bureau is a 21st century agency that helps consumer finance markets work by making rules more effective, by consistently and fairly enforcing those rules, and by empowering consumers to take more control over their economic lives. For more information, visit www.consumerfinance.gov.