



33% of Cardholders Did Something That Could Hurt Their Credit Score During COVID-19

Only 13% of cardholders say they have worried that their credit score would go down since the outbreak began

NEW YORK – July 22, 2020 – As Americans continue to deal with the impact of the COVID-19 outbreak on their lives and wallets, a new Bankrate.com survey finds that one-third (33%) of credit cardholders did at least one thing that could hurt their credit score since the pandemic ramped up in March 2020, namely adding to their debt (17%), paying a bill late (12%), carrying a balance mistakenly thinking it would help their score (8%), not paying a bill at all (6%), and cancelling a card specifically to improve their credit score (3%). Despite admitting to these behaviors, only 13% of cardholders say they worried their credit score would go down while just one-third checked their credit score during this time. Click here for more information:

www.bankrate.com/finance/credit-cards/covid-finances-survey/

While nearly half (49%) of cardholders say that their household income was negatively impacted in some way by the COVID-19 outbreak, almost half of them (47%) did something to potentially hurt their credit score since March 2020. That compares with just 20% of cardholders whose household income was not negatively impacted by the outbreak

Cardholders' financial behaviors since the start of COVID-19 (March 2020)	Cardholders overall	Household income not negatively impacted	Household income negatively impacted
Added to my debt	17%	11%	22%
Paid a bill late	12%	7%	18%
Carried a balance on my credit card with the specific intention to help my credit score	8%	4%	12%
Did not pay a bill at all	6%	2%	10%
Canceled a credit card specifically to improve my credit score	3%	2%	5%

“While the delinquency rates for credit cards and other financial products remain very low by historical standards, there are warning signs on the horizon,” said Ted Rossman, credit card analyst at Bankrate.com. “The government stimulus programs were very helpful, but temporary. Especially with the virus surging in many parts of the country and leading to more fears and restrictions, there’s reason to believe that delinquencies and defaults may have been delayed, not avoided.”

When comparing cohorts, baby boomer cardholders (ages 56-74) were the least likely group (24%) to have done something to hurt their credit score compared to 43% of millennials (ages

24-39) and 39% of Gen Xers (ages 40-55). Only 14% of baby boomer cardholders say they added to their debt since the start of the COVID-19 outbreak (March 2020) compared to millennials (21%) and Gen Xers (20%). Similarly, while only 9% of baby boomer cardholders say they paid a bill late, the numbers are higher for millennials (14%) and Gen Xers (17%).

Overall, 12% of cardholders say their credit score has gotten worse since the start of the COVID-19 outbreak, while 19% say it's better, 53% say it's about the same, and 16% say they don't know if their credit score has gotten better or worse during this time. Of those who say their household income has been negatively impacted in some way by the outbreak, 18% say their credit score has gotten worse.

Meanwhile, 13% of cardholders have worried about their credit score going down during the pandemic, and those whose household incomes were negatively impacted are more than three times as likely to have concerns (20% vs. 6% whose household income was not negatively impacted). Millennial cardholders (20%) were also more likely to worry than Gen Xers (13%) and boomers (7%).

Additionally, the survey found that there are still several misconceptions about credit. More than 2 in 5 cardholders (44%) incorrectly believe that carrying a credit card balance can raise your credit score while 22% say they don't know what effect carrying a credit card balance can have. Similarly, 28% wrongly think that enrolling in a lender's hardship program can lower your credit score while more than half (52%) say they don't know the impact of enrolling in such programs. Moreover, 26% think that cancelling a credit card cannot lower your credit score while 23% say they don't know.

"There's a lot of confusion surrounding credit scores," Rossman added. "To set the record straight: Try not to carry balances, try to keep old cards open and ask your lenders for help if you're struggling. Assistance is available but you need to ask for it. And in general, you want to show a long history of making on-time payments and keeping your debts low relative to your credit limits. Staying well below your limits is one of the best ways to improve your credit score quickly."

Methodology:

Bankrate.com commissioned YouGov Plc to conduct the survey. All figures, unless otherwise stated, are from YouGov Plc. Total sample size was 1891 credit cardholders. Fieldwork was undertaken July 1-6, 2020. The survey was carried out online and meets rigorous quality standards. It employed a non-probability-based sample using both quotas upfront during collection and then a weighting scheme on the back end designed and proven to provide nationally representative results.

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