



Tuesday, May 12th 2015

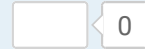

Search by Type of Card

[Best Canadian Credit Cards](#)[Balance Transfer](#)[Low Interest](#)[Rewards](#)[Airline/Travel](#)[Auto/Gas](#)[Cash Back](#)[Instant Approval](#)[Business](#)[Student](#)[U.S. Dollar](#)

Search by Credit Quality

[Excellent Credit](#)[Good Credit](#)[Fair Credit](#)[Bad Credit](#)[No Credit History](#)

Search by Bank or Issuer

[American Express Canada](#)[Canadian Credit Cards](#) > [Credit Card News](#) > Rebuild Canadian credit after living abroad[Tweet](#) [Email](#) [Link to story](#)

Rebuild Canadian credit after living abroad

By Carmen Chai

Whether you took a gap year to travel, your company relocated you or you just decided to try a new place, if you leave the country for an extended period, you likely will wonder at some point what's going on with your credit score in your absence. Unfortunately, depending on how you left Canada and what you did with your accounts before you left, you may be starting from scratch in rebuilding credit after living abroad.

This is an issue many Canadian citizens may need to think about at some point: according to a [2011 Canadians Abroad](#) report released by Vancouver's Asia Pacific Foundation, there are 2.8 million Canadians living abroad, predominantly in the United States, the United Kingdom and Hong Kong.

"Basically you start as if you're 18 again -- it's ground zero, and that means you have to build your credit through small steps with a credit card, line of credit or loan," says Richard Moxley, author of *The Nine Rules of Credit* and spokesman for eCredit Fix, which helps consumers learn about improving their credit score.

Here's what expats have to keep in mind about their credit before they leave Canada, while they're away and upon their homecoming.



Bank of Montreal

Capital One

Chase®

CIBC

MasterCard

MBNA

Visa

News & Advice

Credit Card News

Follow Us!



Before you leave

If you haven't left yet, set the groundwork for a smooth return home. Don't abandon or close all of your accounts.

Keep at least one card open, and use it for online shopping or for a regular payment (such as a subscription or monthly bill) that's on automated pay so you're covered if you forget, suggests Mike Gomes, a certified financial planner at Toronto's Ironshield. As long as you make the minimum payments or consistently pay off the entire balance on your few purchases, your credit shouldn't take a dive.

"You can avoid any headache just by keeping a credit card and using it overseas so it's not inactive credit or losing good credit," Gomes says, noting that even once every three to six months should suffice.

If you keep your accounts opened but untouched, you could face [inactivity fees](#).

Worse, though, is closing your accounts entirely. The reason: banks prefer a known risk compared to an unknown risk, Moxley explains.

"A lot of people think it's really bad to have bad credit but ... no credit or inactive credit is worse," Moxley says. He uses an analogy: you'd rather lend your money to your little brother, even if you know he's missed payments before, than rely on a stranger to pay you back.

"If you don't show anything in the last 12 months, you have bad credit regardless of what your score is," Moxley says.

Finally, check your credit reports through Equifax and TransUnion annually while you're abroad.

"People who have inactive accounts are generally higher targets for fraud or identity theft because you're not using your credit," Moxley warns. "Chances are, you've moved or something's happened so you won't notice that someone else is using your account now."

Upon your return

Regardless of what you did before you left Canada, you need to pull your credit report when you get back. You can see the status of your accounts, check if any outstanding debts went into collections and detect fraud if you notice



cards or loans taken out in your name that don't belong to you.

If you neglected or closed your Canadian accounts, you'll need to get back on track to build your score again. Sign up for a credit card, even if it comes with a small limit.

"Start slowly," Gomes says. "You don't want to be paying for multiple loans at once, so pick one product and make sure your minimum balance is always paid so your credit score gets better and not worse."

You could face some hurdles with hesitant credit card issuers. If you get declined, don't be offended.

Your best bet is to try to negotiate a credit card deal with the bank you had the strongest or longest relationship with in the past; they may be the most flexible in approving, Moxley says.

You can also apply for a secured credit card. In this case, you provide the issuer with a down payment (usually around \$500) as insurance and they give you a credit card with a limit of the same amount. It'll count just like as a regular card in establishing your credit score.

If you're declined for a credit card through all these avenues, Moxley suggests contacting Capital One or MBNA, as they're both leaders in non-major bank credit card approvals.

You could then graduate to car loans or a line of credit if needed.

When it comes to applying for credit cards and loans, keep in mind: most of the underwriting decisions in the applications process are made by computer-generated numbers. "The computer could care less about your excuses," Moxley says. "If you're not approved, then you're begging on your knees to get someone to reverse the decision and that's not always guaranteed."

There are some exceptions, though they're a rarity. For instance, if you're employed by a well-known company and you were transferred for a few years, it might help. But you'll still have to jump through hoops to prove you're a responsible consumer.

Moxley points to one example: a client of his was a university professor who was transferred to a teaching posting in the United States. Even with a great career in academia, and an income to back it up, his bank wouldn't give him a credit card when he returned to Canada.






"He had to rent, he couldn't get a mortgage; he had to use a secured credit card for six months to rebuild his credit," Moxley explains.

Getting an apartment lease or signing up for certain utilities won't be as difficult as securing credit or a loan with bad credit. Though landlords will likely ask for a credit report, you're dealing with a person face-to-face, so you have better odds of explaining your situation. If you have a stable stream of income and you're willing to put up a higher deposit fee for your rental home, landlords should give you some leeway, Gomes says. You can arrange utilities the same way -- as long as you put down money upfront as a security deposit to cover the first and last month of bills, companies should provide their services.

See related: [6 ways to improve your credit score](#)

Published: April 28, 2015

[Comments or Questions](#), [Library of Stories](#)

 0	 Like  0	Tweet	 Email	 Link to story
---	---	-----------------------	---	---

Three most recent Bad Credit / Credit Repair stories:

- ▶ [3 things you should know about pre-employment credit checks](#) – Some employers check job applicants' credit reports as part of the pre-employment process. Though the practice isn't universal, if you're applying for a job with less-than-stellar credit, here's what you need to know ...
- ▶ [How to find a good credit counselling agency](#) – Finding a credit counselling agency that prioritizes a consumer's best interests can be a challenge. You've got to negotiate a maze of confusing terms, fees and certifications. This friendly guide can help ...
- ▶ [Bankruptcy lite: when a consumer proposal is a better option](#) – Canadians who can't pay their bills often resort to credit counselling, debt settlement or bankruptcy. But there is another solution called a consumer proposal that offers some benefits over all of those options ...



Secure SSL
Technology

[Home](#) | [About Us](#) | [Privacy Policy](#) | [Site Map](#) | [Contact Us](#) | [Site Security](#) | [Terms of Use](#)

© Copyright 2015 Credit Cards.com. All Rights Reserved.

