What Happens if You Don’t Use Your Credit Card?

Your credit card issuer might deactivate your card after prolonged inactivity. If this happens, it may hurt your credit score.

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The content on this page is accurate as of the posting date; however, some of the offers mentioned may have expired.

Instances of credit cards closed due to inactivity are not uncommon. However, issuers follow no stipulated guidelines to deactivate cards no longer in use. Whether your card issuer cancels a credit card or you cancel it yourself, know that this action might hurt your credit score since the process may increase your credit utilization ratio and decrease the average age of your credit accounts.

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MONEYGEEK’S TAKEAWAYS

Your credit card issuer might close your account if you don’t use your card for a prolonged period.

Not all credit card companies follow the same time frames when it comes to closing inactive accounts.

If you or your credit card issuer close one of your credit cards, you may see a drop in your credit score.

What Happens if You Don’t Use Your Credit Card?

If you’re wondering what happens if you don’t use your credit card for a long time, know that there’s a possibility its issuer will close the account. However, there is no telling when or if that might happen.

If you don’t use a card, its issuer does not make any money off your card, whether from the interest you might accrue on an outstanding balance or from transaction fees merchants pay when you use the card. Since maintaining an account costs your credit card issuer money, it might be inclined to deactivate it if it appears to be no longer in use.

In addition, not using a credit card often enough might cause you to ignore its monthly statements and overlook fraudulent activity.

Account Closed Due to Inactivity

There is no predetermined time period after which a credit card issuer might close an inactive account. While some might cancel cards after six months of inactivity, others might give you up to a year or even longer. Even so, there is also no guarantee that a card issuer will close an inactive account. Some may leave a credit card open and dormant indefinitely.

Even if you have a credit card with an annual fee, its issuer might consider it inactive if there's no account activity for an extended time.

While some card issuers might let cardholders know their intention in advance, others may not. As a result, you might suddenly find that your card is no longer active if you don’t use it for a while.

Lower Credit Limit

Not using a credit card often enough might prompt your card issuer to lower your credit

limit or close the account entirely. If your issuer closes your account, you instantly lose access to that entire credit line. Either way, whether the issuer decreases your limit or closes the card, the result is a lower overall credit limit — even if you have other credit cards — which then impacts your credit utilization ratio. That, in turn, affects your credit score.

Closed Accounts May Hurt Your Credit Score

When credit card inactivity leads to account closure, it can hurt your credit score in two ways. One is by increasing your credit utilization ratio, and the other is by bringing down the average age of your credit accounts.

Consider this scenario: You have two credit cards with a combined credit limit of $10,000. You owe $2,000 toward one and nothing on the other. Upon the inactive card's closing, your total credit limit drops to $5,000. In this case, your credit utilization ratio suddenly increases from 20% to 40%. When this number crosses the 30% mark, you can expect a drop in your credit score since your credit utilization ratio accounts for 30% of your FICO score.

Closing a credit card account also affects the length of your credit history or the average age of your credit accounts. The older the card, the more pronounced the effect its closure will have on your credit score. The length of your credit history accounts for 15% of your FICO score.

MONEYGEEK EXPERT TIP:

Credit card companies often notice if you churn through cards to get perks and avoid fees. They may decide you aren't worth the risk later. If you let cards go inactive rather than closing them right before the annual fees come due, it may raise fewer red flags. And remember: You can contact many credit card companies to ask about switching between different perks cards they offer without applying for a new one.

— Sarah Mattie, contributing expert for MoneyGeek

Should I Close Credit Cards I Don't Use?

Closing credit cards you don't use might not be in your best interest from a credit score point of view since it can be beneficial to maintain old accounts and use only a small percentage of your available credit. However, closing an inactive account might be wise if the card comes with a steep annual fee. You may also want to consider canceling a card if it's relatively new.

Whether you should cancel unused credit cards depends on the card in question and the effect the closure might have on your credit score.

SHOULD YOU CLOSE YOUR ACCOUNT?

When to Close	When Not to Close
• High annual fee • Relatively new card • Credit utilization ratio will remain below 30%	• Credit utilization ratio will increase to more than 30% • Average age of credit accounts will reduce noticeably

IS IT BETTER TO CLOSE A CREDIT CARD OR LET IT GO INACTIVE?

If you don't close a credit card and instead let it go inactive, there's a possibility that its issuer may deactivate your account without notice after some time. Whether or not it's wise to close a credit card account depends on the effect it would have on your credit score and any annual fee you need to pay. In most cases, it's better to keep old accounts active.

Tips to Keep Your Credit Card Active

If you wish to keep a credit card active, you should ideally use it at least once every three months. If you've decided not to close a credit card that you've stopped using or don't use much, keeping it active is relatively straightforward.

1. **Use it to pay a recurring charge (utility, phone or online streaming service bills).**
2. **Set reminders to make and pay off small purchases every couple of months.**
3. **Ask your card's issuer what time frame it follows to close inactive accounts.**

Alternatives to Closing Your Credit Card

If the cost of maintaining a credit card outweighs its benefits, you may want to consider closing the account. However, if you still want to reap the benefits of keeping the account active, you have options. For instance, you could contact the card's issuer and upgrade to a more desirable card or request an annual fee waiver.

Request a Product Change

Requesting a product change does not involve closing your existing credit card account, so there's typically no adverse effect on the length of your credit history. Taking this path might work well for you if you wish to get a card that offers better rewards or perks or if you want to downgrade to a no-annual-fee card. This process usually does not involve an application for a new card, so it does not affect your credit score negatively.

Let's say you have the Capital One Platinum Mastercard that you got in order to build your credit, and it served its purpose. You don't use it anymore because it offers no rewards. If you've managed to establish excellent credit, consider upgrading to the Capital One Quicksilver Rewards Card, which offers 1.5% cash back on all purchases.

If your existing card has reward points, whether you lose them or can transfer them to the new card depends on the cards and the issuer in question.

Request a Higher Credit Limit

If you don't use a credit card because it comes with a low credit limit, you can usually request a higher limit by contacting the card's issuer. Whether or not this process involves a hard credit inquiry depends on the card's issuer. However, the dent a hard pull has on your credit score is typically temporary and easy to fix, and you stand to benefit through a lower credit utilization ratio. Often, requests for a higher credit limit can be submitted online or over the phone.

Negotiate to Waive Annual Fees or Lower APR

If you have a travel rewards card with an annual fee that you don't use much because you are not traveling as often, consider contacting its issuer and asking for an annual fee waiver. You may also want to do this if you got a card with an annual fee to earn a welcome bonus but aren't using the card enough on an ongoing basis to offset the cost.

If you qualified for a high APR upon getting a card because you had average credit at that time, but it has improved significantly since then, you could ask your card's issuer to consider lowering its interest rate. You may also want to take this step if you have a history of making all your payments on time or are experiencing financial hardship.

Bear in mind that the decision to waive annual fees and lower a card's APR rests with its issuer, and there's no guarantee the issuer will approve your request.