Dear Alice,

My boyfriend is filing for bankruptcy and I'm a little bit worried as to how it is going to affect our relationship in the future.

Answer

Dear Reader,

They say that money makes the world go ‘round, but it can also bring some relationships to a screeching halt. Kudos to you for proactively thinking about how your partner’s bankruptcy may affect your relationship, both now and in the future. As you might guess, money is one of the most common reasons that couples fight or break up. Financial woes can cause not only emotional strain in your relationship but could also impact your own financial future, depending on how closely your finances are linked. Factors such as your ability to get loans together in the future or your assets may be impacted as a result of your beau’s bankruptcy. Although these financial struggles are likely tough on the two of you, this may be an opportunity to start sorting out your and your boyfriend’s values and attitudes when it comes to money and your relationship.
First, it can be helpful to know a bit more about bankruptcy. This is a situation in which an individual or business can no longer pay their bills. They then go through court proceedings in which officials take a look at their finances to determine if they’re able to repay their debt, and if so, the best way to do it. This process may result in a debt being discarded or a judge ruling that it be repaid — either by selling off other assets or setting up a payment plan. Individuals who declare bankruptcy do so to essentially get a fresh start with debt collectors. As you may know, there are several different types of bankruptcy, with Chapter 7 and Chapter 13 bankruptcy among the most common. Chapter 7 filings are most often used by individuals whose income is below the state median. In this situation, they’ll likely have to sell off assets (such as property) to help pay off the debt. Chapter 13, on the other hand, is designed for individuals with higher incomes who may be able to pay off the debt in three to five years, without having to sell assets. The main idea is to help people who are unable to pay debts get back on track, but those who file do face some serious financial consequences that are worth keeping in mind:

- First, his bankruptcy will stay on his credit report for seven to ten years, which may negatively impact his ability to get new lines of credit (i.e., credit cards) or to apply for jobs.
- If you two aren’t married, but decide to tie the knot at some point, there’s good news and bad news: your credit won’t be affected by his bankruptcy (you’ll each have an independent credit score), but if you apply for anything jointly — such as a house — the creditor will consider both of your histories. The fact that he filed for bankruptcy may dissuade creditors from granting you a major loan together.
- If you two are married, a court official assigned to your partner’s case may ask for information regarding your income and tax filings in order to determine what assets or income can be applied towards his debt. However, since you’re not married, it’s unlikely that you’ll be asked to provide this information.
- If you co-signed on any loans with him before he filed for bankruptcy, you may still be responsible for part or all of that loan.
- Lastly, bank accounts are often put on pause when a bankruptcy petition is filed. Therefore, if you and your boyfriend have a joint bank account, you may not be able to access it.

Though it may not seem like it, there can be a silver lining to all of this: by declaring bankruptcy and making required payments, your boyfriend will eventually be able to rebuild his credit. In any case, it’s recommended to speak with a lawyer in order to get a comprehensive understanding of what bankruptcy entails and consider options for moving forward. Note that there are likely free legal services available if your boyfriend needs them. In addition, encouraging your boyfriend consult with a finance professional or your state’s bankruptcy court resources may help him begin to understand the nitty gritty of what this will mean for his current and future finances.

Now, to focus on the emotional aspects of your relationship — it’s not uncommon for disagreements over money to be the cause of divorces, break-ups, and even infidelity. Your financial situation certainly affects many aspects of your relationship — such as the ways you spend time together, where you live, etc. The quality of your relationship may also affect the way you view and spend money. For example, the amount of trust you have for one another may influence how much you spend on each other, are willing to lend one another, or whether you want to go in on large purchases together.
Having an honest conversation with him about your financial goals and the approaches you both take to spending and saving may be a helpful step forward. For instance, do you have any personal finance or budgeting skills or tricks you might be able to share with him as he works through his bankruptcy and repayment? What are some shared goals for saving and spending that you could work toward together during this period? If you’re worried about the health of your relationship (financial or otherwise), you may consider trying couples counseling to help get through this budgetary bind.

Good luck!

Alice!

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