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ACCOUNT MANAGEMENT

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How to reopen a closed credit card account

A closed credit card isn't necessary gone forever. Here's what you need to know

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Summary

Whether you can reopen a closed credit card depends on several factors, including whether you or the issuer decided to close the card in the first place, the reason for the card's closure, and how long it's been closed. If a card issuer closed your card because you didn't pay it on time or have struggled with debt, they're unlikely to allow you to reopen it.

Filed Under: [Account management](#), [Credit Scores and Reports](#), [Products](#)

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Sometimes in life, you just need a do-over. That's usually pretty easy when you've missed a turn on the highway or want to retake your turn at a family board game. When you've made a terrible first impression? Not so much.

When it comes to reopening a [closed credit card](#), the ease of getting that do-over depends on several factors, including whether you or the issuer decided to close the card in the first place, the reason for the card's closure and how long it's been closed.

So, can you reopen a closed credit card? It depends.

Why are credit card accounts closed?

Both cardholders and card issuers can initiate an account closure.

"People close credit cards because the annual fee is too high and they don't want to pay it anymore," says Jason Steele, credit card expert at Money.com. "A lot of them close a card out of frustration. They had a negative customer experience, and they're angry and just want to break up."

If you did not call and request that your credit card company close your card, there are several reasons your issuer might have decided to close it.

- **You haven't used your card in a while.** The terms of use of most cards require that cardholders [use their cards](#) at least once within a certain period. If you've had a card that you haven't used for a year or more, your card company could decide to close it.
- **You didn't accept the card's terms.** If your card issuer significantly updated the terms or conditions of a credit card, it may have sent you notice and required you to opt into the revised terms. If you failed to do so, it may have closed your card.
- **You didn't comply with the card's terms.** If you make repeated [late payments](#) or fail to make the minimum payment on your card, your issuer could close your card.
- **You're in a debt management plan.** If you enter into a debt management plan with a [credit counseling agency](#), most card issuers will close your card.

If a credit card company allows cardholders to reopen closed accounts, it may consider it if your card was closed for the first two reasons listed above. If it closed your card because you didn't pay it on time or have struggled with debt, they're unlikely to allow you to reopen it.

How a closed credit card affects your credit score

A [closed card can impact your credit score](#) by increasing your credit-utilization ratio, one of five factors that credit agencies consider when determining your credit score. The [credit utilization ratio](#) makes up 30% of your credit score and represents the amount of credit you have compared to the amount that you're using.

A closed credit card can lower the amount of available credit you have, pushing that ratio up. If you have [good credit](#), you can typically lower your credit utilization ratio by opening a new card or [requesting a higher limit](#) on other cards in order to push back up your total available credit.

While it doesn't impact your score, if the credit card issuer closed your card, your [credit report](#) will note that, and some lenders might consider it when deciding whether to extend you credit.

"Lender policy is not the same thing as your credit score," says credit expert John Ulzheimer. "You can have a 780 credit score and be declined for a card because of something on your credit report that a lender finds problematic."

[Negative information](#) will disappear from your account in seven years, and accounts closed in good standing will remain on your report for 10 years.

How to reopen a closed account

Reopening a closed account is a fairly straightforward process. Not every credit card issuer allows it, but if it does, it will typically require you to make the request within 30 days of the closure.

Simply call the credit card issuer and ask if they'll reopen your card. Make sure you have all relevant information, including your account number and Social Security number, ready for the call.

"If the reason for the card closing was something that they didn't find threatening, there's a good chance they might want you back," says Beverly Harzog, personal finance and credit card expert at U.S. News & World Report. "They may reinstate and reopen the account, or they may ask you to reapply for a new card. Either way, they're going to do a hard inquiry on your credit report."

A hard inquiry could take two to five points off your credit score and will remain on your report for two years, Harzog says.

"It's not a big deal unless you're on the bubble between very good and exceptional credit and you want the very best interest rate," she adds.

When you shouldn't reopen a closed account

Sometimes it's not worth it to go through the trouble of reopening a closed account. If you have good credit and the issuer closed the card for a reason such as inactivity or failure to opt into new terms, you might instead take this as an opportunity to look for a [new credit card](#).

That way, you can look for a [card with rewards](#) and other features that work for you, and you might even snag a new card [sign-up bonus](#).

"If you're getting better credit card offers elsewhere, why reopen a card where the interest rate is higher, the credit limit is lower or the overall offerings are not as good?" asks Janet Alvarez, the executive editor of personal finance website Wise Bread.

If your issuer closed your card because of missed payments or because you've entered a debt management plan, you might consider waiting for a bit and [working on your credit](#) before opening a new card.

"Just because your credit card issuer closed the account doesn't mean they've broken up with you forever," Ulzheimer says. "If your credit score improves or your usage patterns are different and you want to apply for a new account, you can do that."

What to do after you've reopened your account

Once you've reopened your credit card, you should take a few steps to make sure that it doesn't get closed again. If the issuer closed the card due to inactivity, one way to keep it active is to use it to pay for a subscription or other recurring charge. Then set the card up for [autopayment](#) to make sure you don't forget to pay it.

As with any credit card, you'll want to use the credit responsibly and make sure that you don't use it to spend more than you can afford. Ideally, you'll only charge what you're able to pay off at the end of the month, or you'll have a plan to pay down any longer-term debt that accrues.

It is possible to reopen some credit cards, but it will depend on several factors, including who closed the card and why. In some cases, even if it's possible to reopen a closed card, you might want to consider opening a new one instead.

Bottom line

"Be grateful if a card issuer reopens a closed card but remember that it's not the end of the world if one account gets closed and you can't reopen it," says Mike Sullivan, a spokesman at Take Charge America, an Arizona-based nonprofit that offers credit card counseling and debt management services.

If you are able to reopen a credit card, using it to pay a recurring bill (and automating your credit card payment) can ensure that it doesn't end up closed again.

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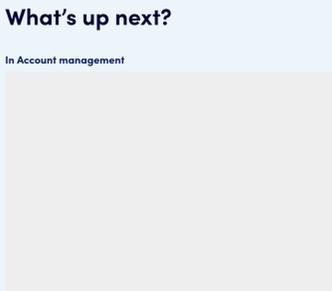
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Beth Braverman is a freelance journalist writing about personal finance, careers and parenting. She enjoys traveling, cooking and cashing in her hard-earned credit card rewards.

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