Wells Fargo Closing all Personal Lines of Credit

July 11, 2021 - Wells Fargo Bank has announced that it is closing all of its customers personal lines of credit. The move will negatively impact the credit scores of affected customers according to the bank and is sparking outrage.

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Personal lines of credit are similar to credit cards in that they are usually unsecured; unlike home equity lines of credit (HELOCs). In the case of Wells Fargo, these credit lines ran from $3,000 to $100,000. Some institutions offer even larger personal credit lines.

The bank's announcement said that customers with these personal credit lines would be receiving 60-day closure notices soon. After the credit lines are closed, customers with an existing balance will be billed monthly at a fixed amount until their balances are paid off.

The closures will impact customers in three ways. First and foremost, customers who were counting on the ability to access their credit lines in the near future will lose that ability unless they fine another lender willing to open a new credit line for them. Secondly, by closing these lines of credit, customers will find that their credit utilization ratio - used by credit reporting agencies to calculate credit scores - will increase. In many cases, this will cause credit scores to drop. And finally, if the accounts being closed have been held by customers for many years, their credit scores are likely to drop because credit reporting agencies also look at the length of time that accounts have been open when calculating credit scores.

Any Wells Fargo customers who were counting on being able to access their personal lines of credit for a major purchase should start looking for alternatives soon.
by Jim Malmberg
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