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Dead Parents' Debts

Occasionally someone will ask me, "Am I responsible for my deceased parents' debts?" The answer to that question is... "It depends." Here's a quick overview that will help you decide.

Typically you aren't responsible for their parents' debts. That is, you're not on the hook for unsecured debts –things like credit cards, personal loans, medical bills – unless of course you had agreed to take on the responsibility. You would have had to sign some sort of contract or agreement.

Collection agents will sometimes try to convince people they're legally responsible for their parent's debts. Failing that, they may even insist that there is a "moral obligation" to pay. Don't buy it!

Never pay another person's debt without first checking it out with an attorney.

However, you are responsible for a deceased parent's debt if:

- You were a co-signer on a loan... because co-signers are just as responsible for paying off a loan as the primary borrower.
- You're a joint account holder. In other words, if your income and credit history were used to get the loan or credit card, you're generally responsible for paying it off. Now, if you were only an authorized user of a credit card, then you're not responsible.
- You abused a power of attorney or conservatorship. That is, if you had responsibility for your parents' finances and spent their money on yourself, you're responsible for paying it back.

Now...secured debts... that's a different story. They don't just go away. Secured debts are those loans that are attached to an asset such as a house or a car. The payments must be made on those loans, or the lender can take the asset. If your folks had any equity in a home or car, finding the money to make the payments may need to be a priority so the asset is not lost from the estate. Again, check with a qualified attorney ... one practicing in the areas of Probate and Estate Planning.