CALIFORNIA BANKRUPTCY LAW

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Filing Bankruptcy and Have Credit Union Children's Accounts? Look Out!

What happens to your credit union children's accounts if you file bankruptcy and also owe money to that credit union? It isn't pretty!

Credit unions offer children's accounts so parents can teach their children about saving money. Often one or more parent is named as a joint owner of those accounts. If the parent owes money to the credit union (credit card or personal loan) and files bankruptcy, what happens?

The credit union can grab the money out of the children's accounts to pay the parent's credit card or loan debt. Yes, that happens even if the source of the money in the children's account is all from the children's birthday money and lemonade stand revenue. Why? Because it's just another example of credit unions (and banks, for that matter) being able to take money from deposit accounts to pay for losses from unpaid credit accounts when people file bankruptcy.

The moral of this story? Be sure to discuss all credit union matters with your bankruptcy attorney!

Beware your credit union when filing bankruptcy!

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