

# Credit card debt hits record \$1.28 trillion. Here's why — and how to get ahead of it.



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Debt balances continue to rise, according to the latest data from the Federal Reserve Bank of New York. The latest quarterly report on household debt and credit shows that total household debt increased by \$191 billion, or 1%, in the fourth quarter of 2025, to a new high of \$18.8 trillion.

Notably, credit card balances rose by \$44 billion in the fourth quarter to a record high of \$1.28 trillion; mortgage balances grew by \$98 billion, totaling \$13.17 trillion; and auto loan balances increased by \$12 billion, totaling \$1.67 trillion at the end of 2025.

Delinquency rates also saw a steep increase in the fourth quarter, with 4.8% of outstanding debt in some stage of delinquency, driven by defaults among younger and lower-income borrowers and further evidence of a bifurcated, or [“K-shaped,” economy](#).

Transitions into serious delinquency increased for credit card balances, mortgages, and student loans, while auto loans and home equity lines of credit decreased slightly. Student loan delinquencies continued to rise, with roughly 1 million borrowers in default and millions more delinquent on payments.

*Read more: [Best ways to pay off credit card debt](#)*

“When looking at the increase in debt (dollars outstanding), as more loans are originated, we would expect to see balances increase. However, looking at an average balance per account can give us a better picture for how American households are using their credit cards,” said Jesse Hardin, risk advisor at Equifax.

“For example, the average bankcard balance per account in the U.S. stood at approximately \$1,890 in November 2025, which is actually flat on a percentage basis as compared to November 2024,” Hardin said. “The Consumer Price Index, which measures the price of goods and services American households pay, was up roughly 2.7% year over

year in November 2025. So in this context, consumer credit card balances remain stable, on average, even as consumer prices increase.”

### **What’s contributing to higher household credit card balances?**

The ongoing affordability crisis has made more Americans turn to credit cards to cover everyday expenses.

Bankrate’s [2025 Credit Card Debt Report](#) found that 46% of U.S. adults who have credit cards are currently carrying a balance, often because it’s the only way to cover everyday necessities.

To make matters worse, average credit card interest rates currently hover over 20%.

“Though U.S. consumer debts are increasing, the good news is some delinquency rates have stabilized, while others are actually falling,” Hardin said. “Credit cards and personal loans are performing at or below delinquency rates experienced in 2024.”

“Also, many newer loan vintages in these products look healthier than loans issued immediately after the pandemic. That said, younger generations — especially Gen Z and some millennials — remain under pressure. The financial divide between generations continues to grow,” Hardin added.

Experts say it’s important to look at the bigger picture to fully understand how so many Americans are in the red.

“While most experts will correctly look at recent economic numbers, I also look at the history of the American consumer,” said Howard Dvorkin, Debt.com chairman and CPA.

“If they’re in their prime earning years, they’ve survived the perfect storm of recession, pandemic, and inflation,” Dvorkin said. “The cost of housing doubled between 2018 and 2024. The cost of a new car doubled between 2011 and 2025. Meanwhile, purchasing power grew less than 12% over that same span. With those economic factors stacked against them, where else are Americans going to turn? No surprise, it’s credit cards.”

### **How to tackle your credit card debt more effectively**

Carrying a credit card balance from month to month can be mentally and financially draining, especially if your credit card has a steep APR and your minimum payments are barely making a dent in your balance.

Making real progress starts with the right strategy. There’s no one way to approach debt payoff; it’s just about finding the method that works best for your situation.

Using a [balance transfer card](#), for example, could be a good way to reduce the amount you're paying in interest. With a balance transfer credit card, you are able to move existing debt from one account to another. These cards offer a lower interest rate over a limited time period: often at 0% APR that can last for a year or more.

Once your balance is transferred (generally within a specific period of time and for a fee), you can begin paying down your principal balance. When the intro period is over, your issuer will begin charging interest on any remaining balance at the regular ongoing APR.

Another option: a [debt consolidation loan](#). This simplifies your monthly payments if you have more than one credit card with varying interest rates and replaces them with one new loan at a fixed rate and monthly payment.

Depending on your situation, you may not even need a separate loan or credit card — you may be able to make progress on your debt repayment by implementing strategies such as the snowball or avalanche method that targets either your smallest balances first to build momentum or your largest balances first to pay the least amount in interest over time.

*Read more: [Debt snowball vs. debt avalanche: Which method is better for paying off debt?](#)*

### **What to do if you're unable to make any credit card payments**

So what if you're in a real bind and can't make any credit card payments? Well, you're not completely at a loss. There are still steps you can take to improve your financial situation.

- **Notify your creditors:** Your credit card company may be willing to work with you to lower your monthly payment or put your payments on pause for a period of time, especially if there are extenuating circumstances at play. However, they can only help you if you're transparent and proactive about your financial situation.
- **Consult with a credit counselor:** Don't be afraid to seek professional help if it feels like your credit card debt is getting out of hand and you don't see a way out. You can find a qualified credit counselor through the [National Foundation for Credit Counseling](#) or the [Financial Counseling Association of America](#). They can help you come up with a debt management plan that works for you.
- **Once you make that plan, stick to it:** Consistency is key. Once you have a budget and a debt management plan in place, being consistent and avoiding financial habits that could throw your progress off track are key to wiping out those credit card balances and achieving financial freedom.