



What's the Highest Credit Card Limit in Canada?

Description

We hate to disappoint, but it's impossible to state with any certainty the highest [credit limit](#) on a credit card. Credit issuers rarely disclose the upper limits on cards. And since credit limits are determined by your personal information, the limits on your card could be very different than someone else's.

That said, many credit card issuers have shared their personal lines of credit. Some have upper limits of \$100,000, with others going as high as \$500,000. Anything above \$500,000 seems to be rare, though not impossible for the [most exclusive credit cards](#) (we're looking at you, [black card](#)).

How exactly are high credit limits determined, and how can you increase yours? Let's take a closer look at credit limits and see.

How are credit limits determined?

[Credit card issuers](#) aren't exactly transparent about how they calculate credit limits. To add to the mystery, credit card issuers often process applications differently, meaning you could have high credit limits with one issuer and lower limits with another.

Frustrating, right? Well, fortunately, we do know that several variables affect your credit limits, such as your [credit score](#), credit history, and your personal income. While we can't state how weighty each variable is, here's a quick breakdown of what might go into calculating your limits.

Personal income

When you apply for a credit card, your credit card issuer will ask you to state your annual household income as well as your rent or mortgage payments. In general, to get higher credit limits, you'll want a higher income along with low monthly expenses.

Credit score

Your credit score is a three-digit number that tells lenders your “creditworthiness.” In Canada, credit scores range from 300 to 900. The higher your score, the more likely you’ll get higher credit limits.

Debt-to-income ratio

The debt-to-income ratio tells credit card issuers how much debt you’re carrying relative to how much money you’re making. By carrying low (or no) amounts, lenders feel more comfortable offering you higher limits.

Credit history

Your credit history outlines how well you’ve handled credit in the past as well as how long you’ve been borrowing money. A flawless payment history, meaning no missed or late payments, along with a long history with credit cards, generally leads to higher limits.

Current credit limits

Finally, credit card issuers may look at the credit limits on your current credit cards to decide how much to extend to you. If you have large limits on other credit cards, a credit issuer may feel comfortable giving you a bigger credit limit, especially if your credit history is flawless.

Why would you want higher credit limits?

Higher credit card limits can help you make larger purchases, which can come in handy during an emergency. But that’s not all they’re good for. Additionally, higher credit limits can have a positive impact on your credit score. [Credit utilization](#), or how much credit you’re using versus your total credit limits, makes up a fairly large portion of your credit score. In theory, higher credit limits can lower your credit utilization, helping your score go up.

For example, let’s say you have \$5,000 in credit limits. Let’s also say you borrow \$2,000 across all your credit cards. In this case, your credit utilization would be 40% ($\$2,000/\$5,000 \times 100$), which is fairly high. If your credit card issuer raised your limits to, say, \$10,000, your credit utilization would drop to 20%, a much safer percentage.

Higher credit limits can also help you earn higher rewards and cash back. Since you can charge larger purchases to your card, you have the potential to earn a hefty amount of rewards. Of course, you’ll want to pay off your credit card balance in full and on time every month. Otherwise, you’ll pay interest, which offsets your earnings. As long as you don’t carry a balance, a [rewards card](#) or [cash-back card](#) with higher credit limits can help you amass an enormous amount of points, miles, and cash back.

What are the cons to higher credit limits?

Perhaps the biggest disadvantage is the potential to spend more. If you’re not careful, you could build up more debt than you can reasonably pay off. With higher amounts of credit card debt, you could also

pay higher amounts of credit card interest. If you're too easily tempted to overspend on credit cards, you might want to think twice before getting a card with higher limits.

How can you increase your limits?

The easiest way to increase your credit limits is, well, to ask your credit issuer for a bump. Before you ask, be sure your account is in good standing. You should be using your credit card actively, paying your balance in full and on time every month, as well as maintaining a low credit utilization ratio. Additionally, your income may have gotten higher, or you've drastically improved your credit score. All of these could help you secure a higher credit limit, especially if you've had your credit card for longer than six months.

While you may not get a high credit limit of \$500,000, you could reasonably get a 10-15% bump in the limit. Keep using your credit card responsibly, and your credit issuer may offer to raise your credit limits naturally over time.

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