



Region Legal Service Office, Mid Atlantic Legal Assistance Department

Impact of Debt on Security Clearances

1. **Debt may impact a security clearance investigation:** A servicemember's personal finances can have a detrimental impact on his or her security clearance, and loss of a security clearance can result in separation from military service. Failure to live within one's means, failure to satisfy debts, or failure to meet financial obligations may indicate poor self-control, a lack of judgment, or an unwillingness to abide by rules and regulations. This conduct can raise questions about the servicemember's reliability, trustworthiness, and ability to protect classified information, particularly because an individual who is financially overextended is at risk of engaging in illegal acts to generate funds.

2. **Scope of a security clearance review:** The security review looks at three aspects of the servicemember's life: their status, their behavior, and their integrity. A status review often includes reviewing a servicemember's close ties of affection to a citizen of another country (e.g., a foreign born spouse). A behavior review can cover almost any of life's decisions or actions, including financial situations or decisions. An integrity review analyzes a servicemember's honesty and trustworthiness, making it very important that the servicemember provide full and honest disclosures at every stage of the investigation or adjudication.

3. **Financial conditions that could raise a security concern and may be disqualifying include:**

- a. Inability or unwillingness to satisfy debts;
- b. A history of not meeting financial obligations;
- c. Indebtedness caused by irresponsible spending and unwillingness to establish a realistic plan to pay the debt; and
- d. Consistent spending beyond one's means (excessive indebtedness, significant negative cash flow, and/or high debt-to-income ratio).

Many of these issues can result from situational borrowing for emergencies (e.g., payday loans) or from one bad transaction that overwhelmed the servicemember's budget (e.g., purchases made based on fraudulent and misleading information for overpriced or dysfunctional goods).

4. **Conditions that could mitigate security concerns include:**

- a. The behavior was long ago, was infrequent, and/or is unlikely to recur and does not cast doubt on reliability, trustworthiness, or good judgment;
- b. The conditions that caused the financial problem were beyond the person's control and the individual acted responsibly under the circumstances;
- c. The person has received or is receiving counseling for the problem and/or there are clear indications that the problem is being resolved;
- d. The individual initiated a good-faith effort to repay overdue creditors or otherwise resolve debts; and
- e. **The individual has a reasonable basis to dispute the legitimacy of the past-due debt which is the cause of the problem and provides documented proof to support the basis of the dispute.**

5. **Get help with your financial problems before they become a security clearance liability:**

Consumer law interplays with many of the mitigation factors for security clearance challenges: documenting situations beyond your control, counseling and developing a plan for action, good faith efforts to pay debt, and analyzing indebtedness for violations of the law. It is important to seek legal help immediately if you believe you have a consumer law problem. Contact a legal assistance attorney to identify the specific source of the challenge and immediately begin developing a plan of action to address and, if possible, resolve the debt issue.

This handout is for information purposes only and is not intended to be legal advice. If you need legal advice and assistance you may see legal advice from your Legal Assistance Office. Legal Assistance Offices can be located at <http://legalassistance.law.af.mil/content/locator.php>