This paper examines the causal effect of additional credit on default rates on new and existing credit cards using the universe of formal credit from the Mexican Credit Bureau. We make use of a regression discontinuity design over the credit score-based approval rules to generate exogenous variations in the probability of a credit card application being approved and credit expanded. Our regression discontinuity estimates indicate that moral hazard is rather substantial in the credit market and it’s driven by worse clients. The effects for new card owners is an increase of default of about 70%. Alternatively a doubling in credit limit, well within the actual credit expansion for new card owners, results into close to 10% increase in default.