



Who do you owe?



There is a difference between “creditors” and “collectors.” A **creditor** is the person or business that originally gave you money or credit. If the debt has not been paid to the creditors, **generally within 180 days**, the creditor may ask a collections agency to recover the amount due. The agency is known as the **collector**.

What can creditors or collectors do if you owe money?

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1. Sue you in court
 - You will receive notice, including instructions on how to answer the notice
 - Look over your own records. You can object to owing the debt, but you must go to court to do this.
 2. If the creditor gets a judgment (“wins”) against you in court, it can:
 - Freeze your bank account
 - Garnish (withhold) your wages
 - Put a lien against your home

Creditors or Collectors CANNOT take:

- Your income **IF** it is from Social Security, unemployment, public benefits, veterans’/disability benefits, private pension, alimony or child support payments
- A vehicle worth less than \$2,400
- Your home if it has under \$15,000 in equity
- Tools of your trade under \$1,500
- Your take-home pay if it is below \$495 per week after taxes
- Your possessions worth less than \$4000

Know your rights!



Under the **Fair Debt Collection Practices Act**, it is illegal for *collectors* to:

Harass You

- Use obscene, profane, or threatening language
- Call you early in the morning (before 8am) or late at night (after 9pm) without consent
- Call you at work after you have asked them not to

Mislead You

- Tell you they are not a debt collector or misrepresent themselves
- Tell you that you owe more or less than you actually owe

Subject You to Unfair Methods

- Discuss your debt with your friends and family members
- Use a postcard to inform you of your debt

A *collector* has to send you a written “validation notice” within **five days** of contacting you. The notice must include **how much** you owe, **who you owe** it to, a statement that says the debt will be assumed to be correct **unless you dispute it within 30 days**, and **what to do if you do not think it is your debt**.



Options to stop creditors and collectors

- A. Write a letter telling them you cannot pay the debt and ask them not to contact you**
- They cannot contact you again *unless* it is to **1.) inform you that they will not contact you again** or **2.) inform you that they are taking specific legal action**, like a lawsuit.
 - This **does not cancel the debt**
 - Letter templates can be found at bit.ly/DebtLetters
- B. Dispute the debt** with the creditor or collector (**within 30 days of receiving notice**)
- Write a letter including your **contact information**, where the debt is being collected from, and an explanation of **why it is not your debt**.
- C. Try and negotiate a settlement** with the creditor for a repayment plan
- It might be useful to try Consumer Credit Counseling Services (CCCS) through the National Foundation for Credit Counseling (NFCC) at nfcc.org.
 - **Beware of agreeing to pay old debts**—the statute of limitations might absolve you from repaying the debt!
- D. Consult a lawyer to see if bankruptcy is a good option for you**
- Bankruptcy stops wage garnishment and harassment from collectors, **but comes with risks** (such as losing property that has not been paid for)
 - Keep in mind that **some debts do not dissolve through bankruptcy**, including unpaid child support payments and most unpaid state/federal taxes.



Consult an attorney!

An attorney can help you respond to collectors and decide if options like bankruptcy are right for you.

Call Cook County's Legal Aid hotline at **312.738.9200** or consult the Cook County Guide to Free and Affordable Legal Help at bit.ly/CookLegalHelp.



Additional Resources:

"What if I lose to my Creditor in Court." *Illinois Legal Aid Online*, 2021
bit.ly/CreditorCourt

"Credit and Debt Issues." *Illinois Legal Aid Online*, 2021
bit.ly/CreditDebtIssues

"Can a collection agency sue you?" *Illinois Legal Aid Online*, 2020
bit.ly/CollectionSue