
What to Expect from Debt Collection against Your Unpaid Bills

Laws govern what debt collectors can do if you fall behind on an unsecured debt. If a debt collector sues you, you will be notified of the lawsuit via a summons, which tells you why you are being sued and for how much, who sued you, and when you must appear in court. Get in touch with a consumer law attorney if you receive a summons. The attorney may be able to negotiate a settlement with the debt collector, which would bring an end to the lawsuit and mean that you avoid the costs of a trial. If the negotiations are unsuccessful, the attorney can represent you in court. Trying to defend you is foolhardy.

Depending on the amount of the debt you are being sued for, your case may be heard in small claims court. The maximum amount you can be sued for in a small claims court ranges widely from state to state, from \$1,500 to \$15,000. When your case is heard in small claims court, you may have to represent yourself because many states do not allow attorneys in that kind of court. In that situation, consult with an attorney about how to defend yourself.

Should the debt collector win the lawsuit against you, he cannot collect the money from you right away. Instead, he must get the court's permission to take specific actions in order to try to collect from you. For example, the debt collector may ask the court for permission to garnish your wages. (Garnishment is not legal in Pennsylvania, South Carolina, or Texas.) If the court gives the debt collector permission to garnish your wages, it will issue an order requiring your employer to withhold a certain amount of money from each of your paychecks for a set period of time. That money goes toward paying down your debt.

If the debt collector is trying to collect unpaid court-ordered child support you to pay, a past-due federal student loan, or unpaid taxes, the debt collector may get permission to garnish a portion of a pension and even your monthly Social Security income. Take one or more of your assets. If a debt collector gets permission to take an asset, such as a boat or motorcycle or real estate other than your home, the asset is sold in a public auction and the proceeds are applied to your debt. If the proceeds are not enough to pay off the debt in full, the debt collector is entitled to try to collect the deficiency amount from you.

A secured debt is one collateralized with an asset that you own, like your mortgage and your car loan; you could lose that asset if you do not take care of the debt. Put a judgment lien on one of your assets. When a lien is placed on one of your assets, you cannot sell it or borrow against it without paying the debt collector the money you owe. If you have no assets, and if your state does not permit wage garnishment, you are judgment proof. In other words, a debt

collector can do nothing to collect the money you owe. In any case, having a debt sent to collections damages your credit history and your credit score.

Source: *dummies.com*

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Profitera Corporation is a leading technology provider of Revenue & Arrears Collections, Debt Recovery and Agency Management Software Solutions. Profitera provides specific solutions to help its Customers focus on their clients, reduce arrears and optimize profits throughout their Revenue and Profitability Lifecycle. As experts in Revenue & Arrears Collections, Debt Recovery and Agency Management, Profitera continuously brings enterprise level scalable software technologies to the doorstep of its Customers. This helps to reduce Arrears Delinquency, Bad Debt and Improve Tracking & Profitability. Profitera, being a MSC status and TUV Quality certified company has its global HQ in Malaysia and leverages on partners for regional presence in ASEAN, Asia South, Middle East and Africa.

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