

Dealing with Debt

How can someone collect a debt from me?

Creditors (people and businesses that you borrow money from) can collect money from you only if they follow the law. The law permits creditors to collect a debt in several ways, including **garnishing** (withholding) wages or **repossessing** (taking back) property related to the debt.

What happens if I don't repay a debt?

If you do not repay a debt, the creditor may sue you. However, if you have neither income nor assets that the creditor can take, then telling the creditor that you are uncollectible may prevent the creditor from suing.

Sometimes if a creditor knows it is not worth the collection efforts, the creditor will not proceed with legal action. Some creditors will not pay the court costs and attorney fees to sue if there is no possibility of collecting on the court judgment.

Will the amount of money I make affect if my wages will be garnished?

You must earn a certain minimum amount each paycheck before a creditor can garnish your wages. If you earn \$217.50 per week or less, your wages cannot be garnished. If you earn more than \$217.50 per week, up to 25% of your after-tax pay above this threshold amount can be garnished.

Can my employer fire me for having my wages garnished?

Your employer cannot fire you for having your wages garnished if you have only one garnishment in a 12-month period.

When can my wages be garnished?

Garnishment can only begin after the creditor has a court judgement. To garnish, a creditor or debt collector must first sue you in court, win the lawsuit, and get a court judgement.

No one can garnish your wages or bank accounts or put liens on your home without a judgement that provides the legal right to collect money from you.

My creditor got a court judgement. What next?

You have 15 days after a judgement is entered to voluntarily pay a debt. If the judgement is not paid within 15 days, the creditor can try to collect on the judgement by garnishing (or taking) from certain types of accounts, assets, and income that you have. You should receive a notice before garnishment begins.

For how long can my wages be garnished?

Once started, garnishment will continue until the debt is paid or until your employment ends, whichever happens first.

Can a creditor garnish my income if it is not employment income?

Ohio law protects some income and belongings from collection. Only certain assets and sources of income can be garnished. Some assets have certain protections for the amount that a creditor can collect. If you are not sure if your income can be garnished, you should speak with an attorney right away.

Which sources of income are safe from garnishment?

Creditors cannot garnish from these sources of income:

- Social Security, SSI, SSD, worker's compensation payments, unemployment compensation benefits, Ohio Works First, or SNAP
- Spousal support and child support payments

If one of the above sources of income is your sole source of income and a debt collector contacts you to garnish your wages, you can tell them that your income is exempt from garnishment. It is important that the only income going into your bank account be from these sources of income. If you co-mingle these exempt funds with any other source of funds, it is harder to protect the exempt funds.

A creditor is trying to garnish my public benefits. What do I do?

Some creditors will still try to garnish public benefits or other sources of income that they cannot legally garnish. If a creditor tries to take these funds, contact a lawyer.

Can the government garnish my public benefits?

The federal government can garnish money more easily than a person or company for certain federal debts. The federal government can garnish Social Security benefits if you owe money for federal taxes, federal student loans, child support, spousal support, or criminal restitution. Other creditors or collection agencies cannot garnish or off-set your Social Security payments.

When can a creditor repossess my belongings?

To receive a loan, people sometimes put up something they own or are buying as "collateral" or "security" for a loan.

- A creditor can repossess goods (such as a car) that serve as collateral for debt.
- A creditor may be able to repossess an item you bought on credit or are renting-to-own.
- A creditor may not repossess an item if you have paid at least 75% of the total cost of the item.

How can a creditor repossess my belongings?

Creditors must act peacefully when they repossess your property. In Ohio a creditor has only two ways to repossess property located in your home:

- If you give the creditor permission to come into your home
- File a lawsuit for permission to enter your home and take the goods. With a court order, a creditor can enter your home without your permission.

Can I lose my house if I don't pay a debt?

After a creditor sues you and the court orders that you owe a certain amount, the creditor can put a judgment “lien” (pronounced like lean) on any real estate or house you own. With a lien, the creditor has the right to foreclose on the house to get the money owed. Or, if you sell, the creditor can get part of the sale price.

However, the “homestead exemption” created by Ohio law allows certain homeowners to hold their homes exempt from collection by creditors. Currently, up to \$145,425 of the value of your home is protected from collection. This amount changes every few years. If your home is worth less than this, the creditor cannot take your home.

If the debt is related to healthcare services or supplies, your residence cannot be subject to a forced sale.

Does the law provide any protection from creditors?

Yes. The law limits how creditors and debt collectors can seek to collect debts. If a collection agency is collecting money owed to someone else, you have rights as a debtor under the Federal Fair Debt Collection Practices Act (FDCPA).

A debt collector's sole purpose is to get you to pay on your debt. To convince you to pay, a debt collector may use several tactics, including trying to make you feel guilty or afraid. But there are laws that limit how debt collectors can seek to collect debts. Federal and state laws protect you from unfair consumer debt collection practices.

Collection agencies cannot pretend to be part of the government; use obscene or abusive language; abuse or harass you by calling at unreasonable hours or an unreasonable number of times; talk with your employer or friends about your debt unless the court has given the collector permission to do so; send letters designed to look like court papers; or threaten to take illegal or criminal action.

Can I stop a collection agency from contacting me?

You can request a debt collector not contact you at work.

Under the FDCPA, you have the right to tell the collection agency to not contact you further. This demand must be in writing.

The FDCPA does not apply if the creditor is collecting its own debt, but Ohio's Consumer Sales Practices Act (CSPA) does apply to the creditor and contains similar prohibitions.

How do I stop my debt collector from harassing and threatening me?

If a debt collector has been harassing or threatening you, you can file a complaint. Report your problem to:

Ohio Attorney General
Attn: Consumer Protection
30 E. Broad Street, 17th Floor
Columbus, Ohio 43215-3428
1-800-282-0515

You may also wish to talk with an attorney about your rights.

What are my options if I cannot pay a debt?

Bankruptcy

Filing a bankruptcy petition will automatically stop most lawsuits and collection attempts against you. Bankruptcy is not always the solution to unpaid debt. Talk to an attorney if you want to consider bankruptcy.

Avoid scams.

Beware companies that claim they can repair your credit. Credit repair companies—people who promise to fix your credit if you pay them money—are almost always a scam. Many of these companies want you to pay them money but do not give you results.

If you have questions or need legal assistance, please call
the Legal Aid line at **(513) 241-9400**