

Addressing the burden of consumer debt

by Wayne Sarna, staff attorney

Americans carry over 900 billion dollars in credit card debt - an amount that has increased dramatically in recent years. We see this issue every day, as the majority of clients who come to us at Community Legal Aid with consumer issues carry burdensome credit card debt. For many, this is compounded with other consumer debt like defaulted auto loans. And the truth is, we are only seeing and helping a small fraction of those facing these challenges.

Credit card debt alone causes myriad problems. Immediate issues like increased interest, late fees, and negative impact on credit reports make it harder to make ends meet and borrow money for important purchases like homes or cars. Research also connects [increased credit card debt](#) with unhealthy stress levels and other mental health issues.

As time passes, credit card debt tends to snowball - and things get even worse. With an ever-increasing balance, interest accrues and the minimum payment barely makes a dent. Often, debtors find themselves unable to pay utility bills, rent or mortgage, or even provide food for their family. This spiral of debt can result in multiple lawsuits that may lead to garnishment of what little income remains.

To make things worse, many shady debt collection practices are used to prey on those debtors with the fewest resources. In Ohio, we commonly see out-of-state collectors using scary and sometimes illegal methods to collect. Their

representatives may call repeatedly and threaten bank account garnishments or wage attachments. Debtors often don't know that these things can't legally happen without a court order, so these threats can be effective. Some panic, entering into unfair and unnecessary payment agreements or even providing their bank account number and authorizing withdrawals.

The best approach for clients drowning in credit card and other consumer debt is to be proactive. If we can head off court judgments, clients can avoid a quagmire of issues that could impact their wellbeing indefinitely. For those who are too far in, bankruptcy may be the only solution.

Debtors dealing with debt collection companies can take a few simple steps to make a big difference. Because debt collection companies hold so many accounts, they often take shortcuts in how they manage and document those accounts. Debt collection companies may stop trying to collect a debt if the debtor puts up meaningful resistance. For example, a debtor demanding proof of the amount of debt or demanding proof that the debt collection company has the legal right to collect the debt may simply be abandoned by the debt collection company. If a debt collector does bring a lawsuit against a debtor, the debtor should ask the court to require the creditor to provide documentation that they own the debt upon which they are collecting. Many collection companies do not have the appropriate documentation to do so. Debtors have the right to ask for written proof of the debt and courts should dismiss debt collection actions when creditors can't produce it.

Finally, for many low-income debtors, they are [uncollectible](#). This means their income is protected from debt collectors by federal and state laws. Income from social security, disability benefits, child support, unemployment compensation, and veteran's benefits are all protected from collection. Even if a creditor takes a debtor to court and gets a judgment, the creditor can not garnish any of these types of income. Debtors who know they are uncollectible do not need to worry about empty threats from creditors or court judgments because their income is protected.

There are simple and effective solutions that could mitigate so many of these consumer debt issues. Nonetheless, given the sheer volume of the problem, there is still much work to be done. Continued broad community education, easy availability of legal resources, and support of legal aid professionals are key.

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[Table of Contents](#)

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