

## Who We Are

We advocate with and for Marylanders experiencing poverty to achieve equity and social justice through free civil legal services, community collaboration, and systems change.

## Types of Debt

This brochure is for people in Maryland who have unsecured consumer debt.

**Unsecured** consumer debt is money you owe to a creditor who does not have a lien on any of your property, and includes most credit cards, medical bills, and personal loans. Many people have problems paying debts because of emergencies or other reasons. This can lead to problems with creditors and debt collectors. This brochure tells you about the rights you have when you can't pay your debts.

This brochure does not include information about **secured** debt, such as a mortgage loan on your house, or a loan. This brochure does not apply to debts owed to the government, such as taxes or student loans, child support debts, or court ordered restitution. If you are having problems paying these types of debts, you should contact Maryland Legal Aid or another legal resource for advice.

## What will happen if I can't pay my debts? Can I be put in jail?

You can't be put in jail for not paying a consumer debt. If you can't afford to pay a consumer debt, the law limits what a creditor can do to collect it. Failure to pay other types of debt, such as child support or restitution ordered after a criminal conviction, may result in jail time.

## What will an unsecured creditor do if I don't pay a debt?

If you don't pay a debt, the creditor may call or write you to ask you to pay the debt. The creditor may send your debt to a collection agency. The collection agency may also call and write to you. Sometimes these calls or letters can be harassing. If you don't want to get any more calls or letters, you can write a letter to the collection agency and ask it to stop contacting you. The creditor can also file a civil lawsuit against you in court.

## Maryland Legal Aid Offices

**Centralized Intake:** 1-888-465-2468  
is now serving all jurisdictions:

### Offices

#### Alleghany/Garrett

138 Baltimore Street  
Suite 204  
Cumberland, MD 21502

#### Anne Arundel/Howard

2024 West Street  
Suite 204  
Annapolis, MD 21401  
3451 Court House Drive  
2nd Floor  
Ellicott City, MD 21043

#### Baltimore City

500 E. Lexington Street  
Baltimore, MD 21202

#### Baltimore County

215 Washington Avenue  
Suite 305  
Towson, MD 21204

#### Cecil/Harford

103 S. Hickory Avenue  
Bel Air, MD 21014

#### Lower Eastern Shore Dorchester, Somerset, Wicomico, Worcester

201 E. Main Street  
Salisbury, MD 21801

#### Midwestern Maryland Carroll, Frederick, Washington

22 S. Market Street  
Suite 11  
Frederick, MD 21701

#### Montgomery County

600 Jefferson Plaza  
Suite 430  
Rockville, MD 20852

#### Prince George's County

8401 Corporate Drive  
Suite 200  
Landover, MD 20785

#### Southern Maryland Calvert, Charles, St. Mary's

15045 Burnt Store Road  
Hughesville, MD 20637

#### Upper Eastern Shore Caroline, Kent, Queen Anne's, Talbot

106 N. Washington Street  
Suite 101  
Easton, MD 21601

**TTY Users:** Call Maryland Relay, Dial 7-1-1

**www.mdlab.org**

For more information

**www.peoples-law.org**

For self-help legal information and  
community resources

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# Debt Collection: KNOW YOUR RIGHTS



### **If a creditor offers me a payment agreement, do I have to set up a payment plan?**

You can set up a payment agreement or plan with a creditor, the person or company to whom you owe money if you can afford to pay the debt. However, you are not required to do so. If you can't afford to make the payments, you shouldn't agree to an agreement or plan.

### **How will not paying a debt affect my credit?**

When you don't pay the money you owe for goods, services or credit you receive, called a **debt**, most creditors report it to the national credit bureaus. This is how you get "bad credit." If your credit is bad, you may have trouble renting an apartment, buying a car, purchasing insurance, or securing a loan. It may also make it harder for you to get a job.

### **If I don't pay a debt, can the creditor take me to court?**

Yes. If you don't pay, the creditor may file a lawsuit against you. If the creditor wins the lawsuit, it will get a **judgment**. A judgment is a final court order that states you owe money to the creditor.

### **Can a creditor take my Social Security or government assistance?**

No. Government benefits are protected from creditors. These benefits include Social Security, Supplemental Security Income (SSI), veterans' benefits, Unemployment benefits, Workers' Compensation, and Temporary Cash Assistance. In addition, private disability income benefits and most pensions are protected. This means creditors can't legally take them.

### **Can a creditor take the money in my bank account?**

If a creditor has a judgment against you, it can ask the court for the money in your bank account. This may result in the bank freezing your account and paying the money to the creditor. However, you can stop a creditor from taking your money if you have \$6,000 or less in your account, if the money in your account is from Social Security or certain other government benefits. Two months' worth of benefits are automatically protected and will not be frozen. If your bank account is frozen, you will need to file a paper called a "motion" with the court to access your money. You should contact Maryland Legal Aid or another legal resource right away to get help. You should file within 30 days to get the most protection.

### **Can a creditor take my wages?**

If a creditor has a judgment against you, it can ask the court to order your employer to "garnish" your wages. When wages are garnished, your employer pays part of your wages directly to the creditor. Your wages cannot be garnished if your disposable wages are less than 30 times the federal minimum hourly wage per week.\* In any event, no more than 25% of your disposable wages can be garnished. This means that you will receive at least 75% of your disposable wages. Your disposable wages are your wages after subtracting the required deductions for federal, state, and local taxes, Social Security, unemployment insurance, state employee retirement systems, and health insurance.

\*This means your wages cannot be garnished if you make less than \$217.50 per week.

### **Can a creditor take my personal property, like my furniture or clothes?**

If a creditor has a judgment against you, it can ask the court to have the sheriff take or "levy" some of your personal property. Then, the creditor can ask that the sheriff sell this property, and pay the money from that sale to the creditor. It is very unusual for a creditor to try to sell your personal property, because it costs more to sell than the property is worth.

If a creditor tries to sell any of our property, you can protect at least \$7,000 worth of property by filing a motion with the court. The value of this property is determined by looking at the "fair market value" which means the money you could get for the property in its current condition if you sold it at an estate or yard sale. It is NOT what you paid for the property.

### **REMEMBER:**

**A creditor cannot try to take any of your property or income unless the creditor has filed a lawsuit against you in court and has gotten a judgment from the court.**

### **Know your rights**

This brochure contains general information about your rights, but is not meant to be legal advice. While every effort is made to keep this information current, the law sometimes changes. If you want information about your specific situation, or if you have a pending legal case, you should contact Maryland Legal Aid or another legal resource.