

# Debt Negotiation versus Bankruptcy – Which is better?

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<http://bankruptcysouthjersey.com/>

With the economic downturn, many individuals are struggling to make ends meet. If you are looking for options on how to improve your financial situation, you are likely wondering if [debt negotiation](#) or [bankruptcy](#) is the better choice for you.

## Debt Negotiation

Debt negotiation is the process in which the borrower and the creditor negotiate and agree on a reduced amount that will be treated as payment in full. If you desire to repay your creditors, but you are unable to pay the full amount of what you owe, debt negotiation may be an option for you. The first step is to contact your lender and explain why you are unable to pay your debt in full (unemployment, medical issues, etc.). It is important that you assure your creditor that your circumstances have improved enough to allow you to repay a portion of your debt.

Every lender approaches debt negotiation differently. There is no guarantee that they will be willing to negotiate with you. The process for negotiating with each separate creditor can be frustrating and time-consuming. Additionally, your credit will be negatively affected because your credit report will reflect that you did not pay what you owed in full. This can also affect your ability to obtain credit in the future.

## Bankruptcy

If you qualify for a [Chapter 7 filing](#), the majority of your debt can be discharged (eliminated). For information on qualifying for a Chapter 7, please read our blog titled [“Chapter 7 Bankruptcy in Philadelphia.”](#) As soon as you file your case, the automatic stay is effective. The stay prohibits your creditor from pursuing any further collection efforts against you while your bankruptcy is pending. This means you get immediate relief from the harassing telephone calls and other tactics collectors use.

A bankruptcy filing negatively impacts your credit score and it may affect your ability to obtain credit. However, having the majority of your debt discharged and totally gone gives you a huge step toward getting back your financial stability.

**If you are trying to decide what options are best for improving your financial situation, contact [McDowell Riga Posternock PC](#) to discuss debt negotiation and bankruptcy. Having an experienced lawyer review your individual circumstances and give you advice can help you make the wisest choice!**

*If you are interested in learning more about Chapter 7, Chapter 11, or Chapter 13 bankruptcy, contact [McDowell Riga Posternock PC](#) at [856-528-3389](tel:856-528-3389). Bankruptcy is designed to give people who are in financial difficulty a “fresh start.” Thus, if your debts are causing you undue stress, you should call us for a free initial consultation to discuss whether bankruptcy is the right option for you. Our New Jersey offices are located in Moorestown, Maple Shade, and Willingboro. Our Pennsylvania offices are located in Bryn Mawr and Philadelphia.*