

Can My Boss Fire Me for Filing Bankruptcy? Discrimination and Bankruptcy.

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Many people have the concern that they will be fired (or not hired) from their job because they have filed for [bankruptcy](#). The Bankruptcy Code prohibits discrimination against those who have filed for [bankruptcy](#). There are three areas where discrimination is barred: (1) Government issued licenses; (2) Employment; and (3) [Student Loans](#).

Can My License Be Suspended Because of My Bankruptcy?

The short answer is no, your license cannot be suspended. The Bankruptcy Code specifically states that the government cannot deny, revoke, suspend, or refuse to issue you a new license because you have filed for bankruptcy. While it is clear that this rule applies to the issuance of a driver's license, it also applies to other types of licenses, such as those issued by the government to conduct business or sell real estate or mortgage loans. It is no secret that the real estate industry has been hit hard by this recession. Because of that I have had many clients who were licensed real estate agents or who worked in the mortgage loan industry under an Arizona issued license.

I have personally contacted the Arizona Department of Financial Institutions, the body that regulates mortgage loan licensees, and was told that the filing of a bankruptcy will not result in a license being suspended, however if there were an underlying issue associated with a bankruptcy filing, such as fraud in a licensee's business dealings, that could result in a license being revoked.

Can I Be Fired Because of My Bankruptcy?

Bankruptcy law prohibits your employer from firing you solely because you filed for bankruptcy. It even prohibits your employer from firing you if you [discharge](#) a debt in your bankruptcy that you owe to your employer. I see this pretty regularly when it comes to employees of credit unions or banks who also have credit cards through their employer. Many are worried that if the debt to their employer is discharged that they will be fired. The particular provision of the Bankruptcy Code we are discussing here prohibits your employer from doing that. *See* 11 U.S.C. 525(b).

It is important to note, however, that if there are other reasons -legitimate reasons - for your boss to fire you, they can still do it. You cannot be totally incompetent at your job and then use bankruptcy to shield you from ever being terminated. However, the real challenge comes in trying to determine whether your employer is making up a reason to fire you when the bankruptcy is the real issue.

Can I Be Denied a Student Loan Because of My Bankruptcy?

You cannot be denied a student loan because of a bankruptcy filing. This prohibition is equally applicable to student loans issued by a governmental entity or a private lender.

As you can see from the above protections, filing bankruptcy will not mean that you are going to lose your job, lose your ability to do your job through loss of a license, or even be denied a student loan. If you are finally ready to deal with your debt problem, give me a call at (480) 420-4028 or shoot me an email at john@skibalaw.com . My bankruptcy consultation is always free and we can begin working towards helping you become debt free.