



Why You May Owe Money to a Company You've Never Done Business With - and How to Get Rid of the Debt Forever

by
Richard Fonfrias, J.D.
Chicago's Financial Rescue & Bankruptcy Lawyer
Fonfrias Law Group, LLC

If you have a past-due account that a creditor has charged off - which means that the creditor has written off your account as a bad debt - you may discover that a collection agency still tries to get you to pay the debt.

In fact, one collection agency and then another may pursue you for years into the future to collect on unpaid bills.

Here's why:

Every day, unpaid collection accounts are bought and sold among businesses and collection agencies. Let's say you have a past-due bill with a local business that you are not able to pay. After a few months of trying to collect, the business turns over your account to its in-house collection department - or to an outside collection agency that works on commission.

Then, if this collection agency can't collect money from you, the business simply charges off your account as a bad debt and reports this to a credit bureau within 90 days of the charge-off date.

Businesses benefit at least to a small degree from your charged off account. This is because IRS lets creditors deduct charged-offs on their income taxes. Plus, the creditor is legally entitled to keep trying to collect money from you. And if the creditor ever gets you to pay all or part of the amount due, then the business simply reports the money on that year's tax return.

After charging off your account, the company you did business with may sell your account to another collection agency. Then, out of the blue, you start getting calls and letters from a collection agency.

After a few months of trying to collect, this collection agency may sell your account to another collection agency. Then you start getting calls and collection letters again. And the amount of money collection agencies want you to pay keeps increasing because they add more and more interest. So, while your actual purchase might have been small, the amount the collection agency demands could be two or three times the original amount of your purchase.

And that isn't the end of it.

Because your old, past-due account could land on the desk of a dozen different collection agencies over a period of years. This is why you may get calls from debt collectors demanding payment for an account you barely remember.

What You Should Do

If you've paid the account, either before or after it was charged off, send the company a written letter disputing the debt, along with copies of your check or credit card statement showing your payment.

If you want to get rid of the debt for good, contact an experienced bankruptcy lawyer. The most effective way to completely erase the debt is to have the debt discharged by a bankruptcy court judge. From that time forward, no company or collection agency has the legal right to pursue you for payment.

You're Invited to Call or E-mail.

"If you have questions about bankruptcy, foreclosure, credit card debt, loan modifications, tax liens or other financial problems, please send your e-mail today to

rich@chicagomoneylawyer.com

RICHARD FONFRIAS, J.D.

Chicago's Financial Rescue & Bankruptcy Lawyer

Money problems solved. Peace of mind protected.

Founder & Managing Partner

FONFRIAS LAW GROUP, LLC

First National Plaza ❖ 70 West Madison Street, Suite 1400 ❖ Chicago, Illinois 60602
Telephone 312-969-0730 ❖ Facsimile 312-624-7954 ❖ www.chicagomoneylawyer.com

