

## Bad Credit Keeping People from Jobs? Know Your Rights.

With foreclosure rates at historic levels, unemployment hovering around 10 percent, and health insurance as elusive as job security, it's no surprise that many of us can't pay the bills.

Many have become jobless and stranded in a world where hiring freezes are frighteningly common.

The unemployed often face an additional hurdle when applying for jobs: the credit check.

### The All-Important Credit Check

In the old days, you could expect a credit check under very limited circumstances: if you wanted to take out a major loan (for a house or car), if you wanted to work in a financial position, if you wanted to open a bank account or credit card – and not much else.

Today, all that's changed.

Thanks to the Internet, credit checks are easier than ever – and much more common.

Specifically, employers frequently run credit checks on applicants to determine “reliability” or “judgment skills”.

### The Cycle of Debt

Imagine this scenario:

- **You lose your job.** Times are tough – you didn't do anything wrong, but your company had to downsize, and many people were let go. You were unlucky.
- **You lose your income.** As the paychecks and severance dry up, you find yourself with less money to cover all your expenses.
- **You begin missing payments.** Whether it's on your house, your car, your electric bills, or something else, you'll likely have to let something slide.
- **You rely on credit cards.** They may be your only choice for staying afloat until you can get some income.
- **Crisis:** You get to a breaking point – your home is foreclosed, you must file bankruptcy, your credit is cut off – whatever it is, you cannot recover without income.
- **Your credit history is tarnished:** Although this may seem like the least of your concerns, it could prove a huge impediment to your eventual recovery.

Apparently, more employers than ever have adopted a system of checking applicants' credit before making hiring decisions.

And those with troubled histories may be passed over for those with cleaner records, thus perpetuating a debt cycle that can be nearly impossible to break.

## **Know Your Rights**

According to federal law, your potential employer *must* get your permission before conducting a credit check on you.

Federal law also mandates that, should you be denied a position based on your credit history, the employer must inform you (in order to give you a chance to protect yourself).

## **Looking for Debt Relief?**

If you're struggling to make ends meet, it may be time to consider [filing bankruptcy](#).