



TAMPA BAY BANKRUPTCY CENTER, P.A.

PHONE: (813) 200-4133

TOLL FREE: (800) 965-5074

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Can Credit Card Companies Block your Bankruptcy Petition?

If you file for bankruptcy, it is important to know the potential obstacles to getting a successful filing. One of the quarters that is likely to file a protest and block your bankruptcy filing is your credit card company. To be forewarned about this allows you to take pre-emptive measures to avoid it.

The reason the credit card companies is empowered to file a protest when you apply for bankruptcy is that the Bankruptcy Abuse Prevention and Consumer Protection Act 2005 (BAPCPA) has a provision in it that allows credit card companies to do so. This means they can claim you do not deserve to file for bankruptcy because of the way you have spent on your credit card.

Here's how to get around their argument.

Do not buy any luxury items or make any purchases with your card that are not considered "necessary" expenses. Expenses for food, groceries, amenity payments are considered "necessary". If you charge only such items to your credit card, no card company would be successful in disputing your bankruptcy petition. But just in case, you ought to keep all receipts and credit card statements to prove that your expenses were for necessities.

If you happened to have bought an item considered a non-essential, you should return it and claim a charge back to your credit card. This is especially if you have made such a purchase within 90 days prior to your bankruptcy filing. According to the law, you are only required to answer for your credit card purchases up to 90 days before you file for bankruptcy. Nevertheless, credit card companies are at liberty to dispute any of your expenses up to 1 year before your bankruptcy filing. But if you have charged your card earlier than 90 days before your filing, the chances of them successfully blocking your petition is quite low.

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The larger the outstanding balance on your card written off by bankruptcy, the higher the chances your credit card company will dispute it. While there is no hard and fast rule as to how much is the ceiling above which credit card companies will file an objection, it is usually understood that if your outstanding balance exceeds \$10,000 it would trigger a dispute. So keep short accounts on your credit card spending especially if you are about to file for bankruptcy.

For further details on this matter or if you are looking for a bankruptcy attorney, call us at (813) 200 4133 for a free consultation.