

How To Avoid Bankruptcy By Fighting Back

By John Skiba, Esq.

www.skibalaw.com



A lot of what I do each day here in the Phoenix valley is help families file for bankruptcy. As part of that process I go through my client's bills and pull their credit in effort to get as many of their debts as possible. In doing so I often see judgments that have been entered against my clients by the various debt buying companies that operate in Arizona – typically Midland Funding, LVNV Funding, or Portfolio Recovery.

These judgments are typically entered because my clients did not bother to respond to the lawsuit. Once a default judgment was entered by the court they saw their [wages garnished](#) and their bank accounts emptied. These events are usually the final straw that leads to bankruptcy.

Many times there are other debt issues and bankruptcy would be necessary even if a judgment wasn't hanging out there. But there are some cases where clients can pay their other debts but are forced into bankruptcy because their wages are being garnished by [Midland Funding](#) or some other debt buyer and now they simply can't make ends meet (in Arizona a creditor can take 25% of each of your paychecks through wage garnishment).

Many times in collections lawsuits the debt buying company has a difficult time proving that you owe money to them. Often they don't have evidence that they are the true owners of the debt or that they are suing the right person. I had a trial recently against one of the big debt buyers where they showed up with no witnesses and no documents to prove their case! The court ended up dismissing their case and now we are seeking to have the debt buyer pay my client's attorney's fees.

If the rest of your debt situation is manageable but you find yourself facing a collection lawsuit by one of the debt buyers, meet with a consumer attorney. Find out what defenses you have and how you can deal with this issue without having to file for bankruptcy.

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