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February 29, 2012

Starting Anew after Bankruptcy (and how to avoid past financial mistakes)

After having your debts discharged through bankruptcy, it is time to start anew financially. After all, that is the purpose of filing a bankruptcy petition. Bankruptcy wipes your slate clean and allows you to become debt free again. But now that you have been given a new lease of life financially, it is time to start off on a right footing and not repeat your past mistakes.

You should know that a bankruptcy filing will stay on your credit record for between 7 to 10 years. This is unavoidable but it is remediable. In other words, you may have this “blemish” wiped off your record in less than the customary 7 years. If you are interested in improving your credit score after bankruptcy, read on.

The first thing to do to remedy your credit score is to check to see if all your debts have been recorded as discharged by the credit agencies. Sometimes, errors can occur and some of your debts that have been discharged may not be recorded as such and this would jeopardize your credit score. In such an event, write to the credit agencies formally and inform them of the oversight. Make sure they correct the error and show that your debts have been discharged by your bankruptcy.

One of the most effective ways to improve your credit record is to start a new record of good and prompt payments of your credit each month. So contrary to what you might think, your credit card actually becomes your ally not your enemy after bankruptcy. By all means use your credit card, BUT make sure you pay up more than just the minimum payments on time every month.

If you are not eligible for a normal credit card, you can apply for a “secured” credit card, which is one that is issued against some collateral as a deposit. This collateral will then become your balance limit.

Another way to avoid past financial mistakes is to have regular savings. Setting aside some money each month is a good way to save for a rainy day. You never know, this saving may help you avoid another bankruptcy in future should any unexpected emergencies occur such as high medical bills.

If you keep control of your debts by making regular payments on all of them and also set aside some savings regularly, you are well on your way to a life of financial prudence.