

A creditor is suing me! What should I do?

We'll take a look at what might happen if you do nothing if a creditor sues you, if you "answer" the lawsuit in a timely fashion, and if you file bankruptcy.

If you do nothing

- The creditor can get a default judgment against you, meaning that the judgment can occur quickly, without waiting for lengthy court trial schedules.

If you file an answer to the lawsuit in a timely fashion (usually 30 days after being served with the notice of the lawsuit)

- It will take longer to get a judgment against you, sometimes up to a year, but a judgment against you is nevertheless likely because (I assume) you owe them the money.

What happens after a creditor gets a judgment against me?

The judgment creditor can do any of the following things:

- **Garnish your wages** - Seize 25% of your net wages from each paycheck if you are employed.
- **Levy on your bank accounts** - Seize money in any bank account with your name on it up to the amount of the judgment. Accounts that are for your child, sibling, or elderly parent can be seized if your name is also on the account.
- **Put a lien of your real property** - Record a lien in the county recorder's office so if you sell your property, the judgment is paid through escrow before you receive any money from the sale.

Judgments earn interest at the rate of 10% per year. They can be collected on for 10 years, and then renewed until the judgment plus interest and collection costs are fully recovered.

What can I do to stop all that from happening?

Filing bankruptcy stops all creditor actions against you, including lawsuits. After your bankruptcy goes forward to a successful discharge (elimination) of your debts, you don't owe that money any more so they can't sue you for it. You owe it to yourself to consult with an experienced bankruptcy attorney in your area to see if filing bankruptcy would be a good thing for you.

More reading: [Wait until you're sued to file bankruptcy, or file earlier?](#)

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