

LEGAL AID CHICAGO has compiled this FAQ on consumer debt collection to assist clients who may be encountering new financial hardships as a result of the COVID-19 crisis.

1. WHAT SHOULD I DO IF I AM HAVING TROUBLE STAYING ON TOP OF MY BILLS BECAUSE OF THE COVID-19 CRISIS? Your first step should be to contact your lender or servicer directly to let them know about your situation. The company may be able help by waiving certain fees, and may have additional assistance available in light of the COVID-19 crisis.

2. WHAT IF I HAVE ALREADY FALLEN BEHIND AND HAVE BEEN CONTACTED BY A DEBT COLLECTOR Consider contacting the debt collector directly to gather information about the debt. If you dispute that you owe this money, if you think the amount is wrong, or if your income is not collectable (see **FAQ 3** below), you can send the debt collector a letter explaining that. You can refer to the sample letters on the Consumer Financial Protection Bureau’s website, here: <https://bit.ly/2y34VLF>.

If you owe the debt and your income is collectable, consider contacting the debt collector to propose affordable repayment terms or ask them to delay collection. The agency that regulates private debt collectors in Illinois has instructed them to work with consumers to modify repayment terms or delay collection during the COVID-19 crisis. Additionally, Orders issued in Illinois will protect most stimulus checks from collection and end most new wage garnishments during the COVID-19 crisis. See **FAQs 4 and 5**, below, for details.

Finally, keep in mind that federal law says that debt collectors are not allowed to use unfair practices, such as making misleading statements or threats. If you think your rights have been violated by a debt collector, keep detailed records about your communications with the debt collector, and contact Legal Aid Chicago to assess whether you might have a legal claim.

3. HOW DO I KNOW IF MY INCOME IS COLLECTABLE? Your income may be protected— meaning that it cannot be collected by a debt collector or creditor, even if that creditor files a lawsuit, goes to court, and gets a judgment against you. In Illinois, your income is not collectable **if the following four criteria are all met:**

- (1) **Your income is EITHER from a protected source** (which includes child support, social security, or certain kinds of public benefits) **OR your weekly take-home pay is less than \$416.24 per week;** **and**
- (2) **If you own a home or any real estate, its equity is less than \$15,000; and**
- (3) **If you have a car, its value is less than \$2,400; and**
- (4) **The value of your personal property is less than \$4000.**

If a debt collector threatens to or attempts to collect your protected income, including by freezing a bank account or garnishing your wages, contact Legal Aid Chicago right away.



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Monday to Friday
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4. WILL A DEBT COLLECTOR COLLECT MY ECONOMIC STIMULUS PAYMENT? Probably not. The Illinois Supreme Court recently issued an Order aimed at protecting economic stimulus payments from collection by debt collectors. This means that debt collectors cannot seize assets from bank accounts with balances less than \$4,000. They are also required to return any assets that were already seized from accounts with a balance of less than \$4,000 during the COVID-19 crisis. If you think your economic stimulus payment has been improperly seized by a debt collector, contact Legal Aid Chicago right away to consult with an attorney.

NOTE that if you have already voluntarily authorized the collection of a private debt, you should consider revoking that authorization in order to protect your stimulus check.

5. IF MY INCOME IS COLLECTABLE, CAN IT BE COLLECTED DURING THE COVID-19 CRISIS? Maybe. There are two primary ways that creditors can collect judgments—through wage garnishment or freezing or seizing a bank account. In Illinois, the Governor issued an Order preventing debt collectors from garnishing wages OR freezing or seizing bank accounts during the COVID-19 crisis **unless one of the following is true:**

(1) a judge issued an order before April 14 allowing the wage garnishment or giving the creditor access to your bank account; **or**

(2) the debt being collected is a domestic support obligation (like child support or spousal support); **or**

(3) you voluntarily authorized the collection of the debt (if so, consider revoking that authorization to protect your stimulus check— see **FAQ 4**, above).

6. WHAT IF I OWE MONEY TO THE CITY OF CHICAGO? The City of Chicago has announced several policies to help consumers who are struggling to keep up with their bills during the COVID-19 crisis:

- Through June 1, the City has suspended late fees and defaults on payment plans for city tickets, utility bills, parking, and red-light citations, booting and other non-public safety-related violations.

- No new interest will accumulate on current payment plans, and no debt collection efforts will be taken by the City.

While your debt to the City will not disappear as a result of the COVID-19 crisis, **you can prioritize the expenses** that are necessary for your health and safety during this time.



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7. **WHAT IF I HAVE FALLEN BEHIND ON MY CAR PAYMENTS?** Car lenders can typically repossess your vehicle soon after you fall behind on your car payments. For this reason, **it is very important to stay current on your car payments** to avoid the risk of losing your car. In Illinois, the Governor issued an order suspending repossessions during the COVID-19 crisis. You will no longer face the **immediate risk** of repossession if you fall behind on your car payments. This **does not mean** that your debt will disappear or be reduced, or that additional fees may not be assessed. Additionally, your car may still be repossessed when the order is lifted, unless you stay current on your car payments. For that reason, if you are able to keep your car payments current, you should plan to do so to avoid the future risk of repossession. You should also continue to prioritize your car payments over payments on any unsecured debts, like credit cards.
8. **WHAT IF I HAVE STUDENT LOAN DEBT, MEDICAL DEBT, UTILITY DEBT, OR DEBT TO MY MORTGAGE LENDER?** Please refer to Legal Aid Chicago's other handouts addressing these issues.
9. **WHAT IF I AM NOT SURE ABOUT WHAT DEBTS I HAVE?** You can request a free credit report by visiting AnnualCreditReport.com. During the COVID-19 crisis, the three big credit reporting agencies—**EQUIFAX**, **EXPERIAN**, and **TRANSUNION**—are providing free weekly credit reports to allow consumers to monitor their financial health during the COVID-19 crisis.
10. **HOW WILL MY CURRENT BANKRUPTCY CASE BE IMPACTED IF I AM FACING A NEW FINANCIAL HARDSHIP?** There are new laws providing assistance for debts with court-approved Chapter 13 bankruptcy plans. If you are facing a financial hardship as a result of the COVID-19 crisis, you can ask the court to adjust your monthly payments. Instead of 5 years, you can now have up to 7 years to repay your debt.

If you have a bankruptcy attorney, you should contact your attorney about any financial hardship that you experience during this time. If you do not have an attorney, you may be able to obtain assistance from Legal Aid Chicago's bankruptcy help desk by calling **312-229-6344** and leaving a message.

If you have individual legal questions or are seeking representation in a debt collection matter, please consult with an attorney or contact LEGAL AID CHICAGO at (312) 341-1070.



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