What Can Happen if I Don’t Pay my Credit Card Bills?

It is true that credit card debt is an unsecured debt, and as such it is unlikely that someone will show up at your door to repossess anything or serve you with a foreclosure notice. However, credit card issuers have many options with which to get their money back and make your life miserable, should you decide to stop making payments. Here are some of the things they can do:

- **Make it harder for you to get a job or promotion.** Many employers check credit reports before making hiring or promotion decisions. A negative mark on your credit report, issued by your creditor for nonpayment, will raise questions and concerns that may result in you being a less-attractive employee.
- **Raise your interest rates.** Many credit card issuers have a penalty interest rate of 25 percent to 30 percent. If you default, you'll qualify for it and your bills will look like you invited a hungry relative for dinner. Under a policy called "universal default," if you are overdue on one card, all other cards will raise your rates. Your credit score will drop, and a lower credit score means new loans and credit will cost you more.
- **Raise your insurance rates.** Many insurance companies use the data in your credit report to generate an "insurance score." Bad-credit risks pay more for insurance or may fall outside of underwriting guidelines and may not be offered renewals.
- **Keep you from getting the apartment you want.** Landlords often check credit before renting. Bad credit can keep you out of the good places that would impress prospective girlfriends.
- **Call you till the cows come home.** Expect that if you owe enough, your account will be turned over to collectors, lawyers or be sold to professional debt buyers. Interest will accrue and fees will be charged. Your phone will begin to ring more often and you will never want to talk with the person on the other end of the phone. Although the Fair Debt Collection Practices Act protects you from abusive collectors, it does not prevent legitimate collection procedures, which, even within the law, can ruin an otherwise nice day.
- **Garnish your wages.** You entered a contract with your creditor and said you would uphold your end of the agreement by making payments on your account as set forth in the agreement. If you choose to breach the contract by not paying, the creditor has the right to sue you in civil court to recover the money it is owed. This includes liens on assets and attaching your wages through a process called garnishment. The latter is not a plus with your employer either.

A better idea than walking away from your obligation would be to get some help working out things with your creditors. If communications are breaking down, contacting a reputable credit counseling agency may help you come to terms with your creditors and determine the best course of action given your specific financial situation. If all else fails, you may want to get some legal advice to deal with your problem. Ignoring your bills will not solve your problems, quite simply because your creditors won't let you.

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