

Title:

Bankruptcy Alternatives Explained

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406

Summary:

There are many steps you can take in efforts to improve your credit, eliminate your debt, and avoid bankruptcy

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Article Body:

There are many steps you can take in efforts to improve your credit, eliminate your debt, and avoid bankruptcy. Which should be the ultimate goal of all people, while bankruptcy is an excellent method of helping you clear up your debt, it should only be used as a last resort. Bankruptcy remains on your credit for up to ten years and it could result in the inability to retain any other type of credit until it has been removed or several years has passed.

On thing that a debtor can do, this is especially true if they have no income or assets, is to do nothing. Yes that is right nothing, if you have no assets or income that can be garnished bankruptcy would not benefit you in any way, your financial situation would not change as a result. It is likely that without anything of high value, credits would not attempt to take any court action against you because there would be nothing they could collect.

Another step you could take is to undergo credit counseling, you would learn how to manage your money to reduce the debt. You could create a budget that contains your monthly income and expenses, thus reducing expenses. By doing this, any extra money you have could go towards reducing the debt you owe to creditors.

You could also begin negotiation with your creditors, most of them realize that bankruptcy is a viable option for those who have more debt than they can handle. For this reason, most will be willing to "take what they can get" rather than get nothing if the debtor files bankruptcy. This option requires that the debtor has income or assets that can be used in efforts to raise money to apply towards the debt you owe. Additionally, this can allow you to rebuild your credit instead of applying a negative bankruptcy on it.

Debt consolidation is another bankruptcy alternative that many could consider,

by consolidating your debts into one low monthly payment you could easily reduce the amount of your debt, get the creditors off your back and avoid bankruptcy.

Finally, another option of avoiding bankruptcy is to make a formal proposal directly to your creditors. This proposal or also known as a deal, will allow you to create a payment plan. It is all dependent upon what area of the world you live in and the laws surrounding the area of debt compromise.