

I Can't Open a Bank Account After Bankruptcy...Now What?

From time to time, I encounter bankruptcy clients who have trouble opening bank accounts because they bounced checks due to insufficient funds. Banks and merchants often report bad check writers to database services. These services care consumer credit reporting agencies just like TransUnion, Equifax and Experian. The three largest reporting agencies for bad check writers are the [Shared Check Authorization Network](#) (SCAN), [Telecheck](#) and [Chexsystems](#). Consumers with negative check information on their credit report will often find it difficult to write a check or even open a bank account.

I first encountered this problem in 2007 when a former client advised me that she was unable to open a bank account because of negative information reported by Chexsystems. I faxed a copy of the bankruptcy discharge order to Chexsystems and received a letter within a week confirming removal of the negative information from my client's credit report. She was then able to open a new bank account.

Companies like Chexsystems are subject to the Fair Credit Reporting Act. If a bad check debt is discharged in bankruptcy, the creditor has 30 days to report the debt as "zero balance, discharged in bankruptcy". My colleague Mike Doan has written an [excellent article](#) on the steps necessary to dispute negative information on Chexsystems and other bad check databases.

In my experience, however, an ounce of prevention is worth a pound of cure. For every new consumer bankruptcy case I file, I now include the major check verification services on the mailing list to receive notice of the bankruptcy. Many of my clients are unaware of any negative banking information on their credit reports. My clients often report to me that this approach has resulted in the automatic removal of negative information from their credit reports that they did not even know existed.

If you are in Southern California and are also encountering problems opening a bank account after bankruptcy, please [contact us](#) for a complimentary consultation.

About the Author: [Carl H. Starrett II](#) has been a licensed attorney since 1993 and is a member in good standing with the California State Bar and the San Diego County Bar Association. Mr. Starrett practices in the areas of [bankruptcy](#), [business litigation](#), [construction](#), [corporate planning](#) and [debt collection](#).