

# Bankruptcy & Your Credit Card Debt

By: Jerry R. Lowe

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[Bankruptcy](#) is often caused by insurmountable credit card debt. Therefore, it is important that consumers understand how credit card debt is treated in bankruptcy. Generally, it is discharged (Chapter 7) or the [unsecured creditor](#) is paid pennies on the dollar (Chapter 13). However, under [11 USC § 523\(a\)](#), there are exceptions to the rule of dischargeability.

So, what causes credit card debt to be excluded from discharge? The two most common causes are the debtor lied on his credit application in order to get the credit card, or the debtor fraudulently used the card.

Lying on the credit application (over-stating your income, under-stating your debt, etc) to obtain the card can result in all of the purchases on the credit card to be non-dischargeable. In other words, the debtor remains liable to pay the total debt on the card, even once the bankruptcy case is concluded.

Credit card debt can also be non-dischargeable if the charges were incurred by false representations or actual fraud. This means the debtor made the purchases on the card with no intent to pay for them. Examples of fraudulent use of a credit card are:

- Buying frivolous or luxurious items
- Drastic run up in account balance shortly before bankruptcy filing
- Making purchases until the credit card is maxed out
- Continuing use of card right up to bankruptcy filing.

If you have concerns regarding your use of your credit cards and you are considering filing for bankruptcy, it is important that you meet with an experienced bankruptcy lawyer as soon as possible. Being able to discharge your credit card debt is a benefit you don't want to lose!

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About Jerry R. Lowe

*If you are considering filing for bankruptcy protection, call Fresno bankruptcy attorney [Jerry R. Lowe](#) at [\(559\)513-8535](tel:5595138535). Mr. Lowe provides representation for debtors in Chapter 7 and Chapter 13 bankruptcy matters throughout California's Central Valley in communities such as Fresno, Clovis, Reedley, Sanger, Selma, Madera, Chowchilla, Oakhurst, Coarsegold, Auberry, Prather, Coalinga, Avenal, Corcoran, Hanford, Lemoore, Tulare and Visalia.*