

Can Debt Collectors Garnish Your Wages or Bank Accounts?

A Judgment for Debt Can Cause a Lot of Problems, Protect Yourself

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Can Debt Collectors Garnish Your Bank Accounts or Wages? What Should You Do about it?

Can your bank accounts be garnished by a debt collector? What about wages? Here are some things you need to know about garnishment.

If you have assets, and this includes either a job or money in the bank, you must be concerned about the possibility of being garnished if a debt collector (or anybody else) **has a judgment against you**. In other words, the short answer to our question about whether your wages can be garnished is YES. Wages can be garnished once a debt collector has a judgment against you.

Bank accounts can also be garnished when there's a judgment against you.

The Surprise that Isn't a Surprise

Lawsuits are divided into two main parts. The first part, which is what everyone thinks about in connection with "being sued," is a determination of liability and damages. In plain English, the lawsuit is to decide whether you owe anything and how much. In debt cases, that's usually determined by either a default (failing to show up to court in the first place) or "give-up settlements" (where you show up to agree to anything the debt collector wants, which often includes a "consent judgment"). That judgment just says you owe x-amount of dollars, or nothing, as the case may be.

In most cases, judgments are not "self-enforcing." That means that after the debt collector gets a judgment that you owe some money, it must still either persuade you to give it to them or find it

and take it away from you. This is called “enforcing a judgment,” or in plain language: “collection.” To do that, the debt collector tries to find your assets and then goes to the court’s garnishment office and starts garnishment proceedings.

The garnishment office does NOT tell you they’re at work, and neither does the debt collector. They want you to forget about the case and get comfortable. If you move or hide your assets, their job gets much, much tougher. And if they warn you they are at work, you’re more likely to move or hide the assets, right?

Incredibly, people are quite often shocked when the debt collector starts seizing assets, freezing bank accounts, or garnishing assets.

They are at Work

Let this be your warning. If they have a judgment against you, **THEY ARE AT WORK**. They still want your money, and they’ve taken a big and somewhat expensive first step by suing you. Why would they stop? You may forget about it, but they won’t.

The Way it Happens

You are always the last to know when collection activity happens. This way your funds are frozen *before* you can take any action such as withdrawing all your funds.

Banks

The debt collector serves a notice of garnishment on the bank, and as of the time the bank receives it, your account will be frozen. Their notifying the bank first is perfectly legal.

You typically receive the notice (including your rights) a day or two, or three, or four... after your funds have been frozen. In most states, the garnishment does not only freeze funds already in your account at the time of service on the financial institution, but can get money you put in afterwards for a period of time.

During the time the garnishment is in effect, the financial institution cannot honor checks or other orders for the payment of money drawn against your account if it would leave a balance under the amount stated on the garnishment. For most people, this means any outstanding checks will more than likely **bounce** or be returned for NSF.

When the amount being garnished is paid, the freeze on your account must be terminated, but since many people do not have nearly enough money in their accounts to offset any significant judgment, this is not of practical significance. If they catch you by surprise, you probably have big trouble. Not only is your money gone, but checks (and automatic drafts, for example) are bouncing right and left – and there are other laws that punish you for that.

Jobs

Wages can also be garnished, and, again, your first notice that you are being garnished is likely to be when you receive a check that is less than you thought it would be.

Federal law limits the maximum amount that can be garnished by one or more garnishment orders to 25 percent of your disposable earnings for that week, or the amount by which your disposable earnings for that week exceed thirty times the Federal minimum hourly wage, whichever is less.

In practical terms, that means (as of this writing) that if you make \$154.50 or more per week your wages will be reduced by about 25%. Since most people being sued for debt are already close to the line, a 25% reduction in their paychecks can be simply devastating. And remember, you won't find out about it until the money is gone.

Don't Let them Get a Judgment

All of the above means that you should work **HARD** to avoid letting the debt collector get a judgment. If they do manage to get one, you should **EXPECT NOT ONE SHRED OF MERCY**. They will take every penny they can with no concern at all for the consequences to you or your family.

Sometimes people think that things are so hopeless that it isn't worth it to try to keep them from getting a judgment. You have nothing now for them to garnish, and you don't expect ever to have enough for them to garnish. That's called being "judgment proof."

Don't go there. Things could get better for you in any number of ways, from your job suddenly turning better, to people you don't know dying or giving you money, or you getting some sort of great idea, or... just anything. The world is full of possibilities, and good things could happen. They're much more likely to happen if you keep looking for them, too.

It isn't all that hard to keep them from getting a judgment most of the time if you know what you're doing, and of course that's why we're here.

Don't Ignore the Possibility of Losing Even if you Defend

Of course, if you're being sued there's always a chance you could lose. **ALWAYS A CHANCE**.

That means that you need to keep personal information about jobs and assets out of the hands of the debt collectors whenever possible.

If you have ever written a check to the company who is the alleged original creditor, you must assume that the debt collector has your banking information. You might want to change banks.

Remember that garnishments are served on people (including corporations and banks), not accounts, so it doesn't do any good to cancel your account and get a new one in the same bank.

But changing banks will go a long way to keep you from finding out, one day, that your bank account has been emptied and your checks are now bouncing.

For a lot of people it's harder to change jobs. I'm just saying that if you do, it will be harder for the debt collector to garnish your wages. If they have any reason to know where your present job is, you should expect them to come for it.

Your Legal Leg Up

[Your Legal Leg Up](#) is dedicated to helping people defend themselves from debt lawsuits without having to hire a lawyer. Lawsuits have a number of points where specific action is called for, and we have products to help you deal with most of these situations. We also have memberships that give you access to more materials and better training, and also provide a regular opportunity to ask questions and get answers in real-time. You can use this time to find out what the debt collectors are trying to do and what you might do in response, and you can get guidance on the issues that matter and how to think about and address them.

In addition to that, our website is a resource for all. Many of the articles and materials are reserved for members, but many others are available to everyone. Every page has a site search button in both the header and footer. Put in a key word – a word you think relates to what you're looking for – and enter. You will get a page of results.

Products Related to this Article

If history is any indication, many of the people reading this article are here because there's a default judgment against them, and the debt collectors are now after their money. If that's you, there's still hope (even aside from the fact that your Social Security payments should be safe). You should consider attempting to undo the judgment – that's called “vacating” it – and you do that by filing a “Motion to Vacate.” [Click here to begin your research on that question](#). And we have a [product that will help you file a motion to vacate](#).

Most of the rest of the people reading this will be because they are in the “collection cycle” somewhere and are either being threatened with suit or are being sued. If that's you, you will want to take a look at what the risks of ignoring the suit are versus the costs and advantages of fighting it. I normally suggest fighting it because the risks if you lose are minimal (you won't make things worse), while the benefits of winning are more substantial than you think, even if you aren't worried about garnishment.

In any event, if you're considering defending, I'd suggest you give some thought to our memberships.

Memberships

Members get the *Litigation Manual* and the *Three Weaknesses Report* for free with membership. They also get discounts on all products as well as unlimited opportunities to join

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